

## EEC leaders face threat to throw out budget

new directly-elected European Parliament  
been advised by its budget committee to  
vot out the entire budget for next year if  
rs of the Nine do not offer "significant  
ssions" at the Dublin summit meeting  
1 begins today. This unprecedented move  
d create financial chaos in the EEC.

## Call for concessions to avert chaos

Michael Horneby  
s, Nov 28

European Parliament was  
by its budget com-  
today to reject the entire  
t the EEC's 1980 budget  
rs of the Nine do not  
significant concessions".  
Dublin summit to the  
ent's views on spending  
decision, taken by an  
elming majority of the  
tee's members on a  
moved by the Socialist  
reflects the Parliament's  
ver the cavalier treat-  
ment of last week's  
nding proposals by the  
Council of Budget  
rs.  
ould be unprecedented,  
legal, for the Parlia-  
throw out the entire  
d it would create  
d chaos. The money  
to finance the Common  
nural Policy would soon  
t, and furious farmers  
aders might sue the  
n Commission for  
s.  
is to follow the budget-  
ee's advice, the Parlia-  
ould have to muster a  
t majority of all  
st. That would not be  
t the determination of  
y to flex its muscles  
consistently surprised  
governments.  
Parliament is especially  
t at the rejection last  
t the Budget. Ministers  
salk for a cut in agricul-  
turing and for big reed-  
ding on regional and  
olice as well as energy  
ntific research projects.  
ut it would have set  
rrent precedent by ex-  
t the Parliament's con-  
el budget into the  
sacrosanct agricultural  
That is a prospect  
alarm countries like  
bers of the budget com-  
made clear that what

they expect from EEC leaders  
s. Dublin this week is a clear  
and concrete commitment  
to rein back on agricultural  
expenditure, which at present  
consumes 75 per cent of all  
Community funds.

A forecast of the chaos the  
Parliament could cause has been  
given already by its delay in  
approving a supplementary  
budget for 1979, to cover extra  
agricultural costs arising out of  
this year's EEC farm price  
settlement.

The customs authorities in  
Hamburg have already run out  
of money to pay German  
traders' export subsidies, and  
the Bonn Government has  
refused to help. Other member  
states are drawing on national  
funds to meet claims from farm  
traders or are raising loans to  
do so.

The European Commission an-  
nounced today that under EEC  
rules it cannot begin making  
advance payments out of  
the 1980 budget before Decem-  
ber 10 at the earliest. Even  
that possibility would disappear  
if the Parliament refused to  
adopt next year's budget.

It is certain that member  
states will expect any interest  
they have to pay on loans to  
meet the shortfall to be charged  
to the Community budget, fur-  
ther exacerbating the Com-  
munity's financial problems.

Our Political Editor writes: Mrs  
Thatcher's forthright response  
last night in Dublin with her  
fellows in the EEC's govern-  
ment to try to "get back  
Britain's budget". This is the  
way Labour MP's have been  
dubiously egging her on in an  
effort to eliminate the pending  
£1,100m deficit in Britain's  
EEC budget payments.

It is fair to say that while  
Mrs Thatcher's Cabinet col-  
leagues are impressed at the  
Prime Minister's all-or-nothing  
stance, some have private  
doubts about the wisdom of ex-  
pressing things in such uncon-  
sidering terms.

Castle pickets, page 10

## anging face Soho

el Berlinas to show  
aphic films, control  
sops selling porn mag-  
s of the founding of  
Renata to the public  
ing proposals made by  
to Office Commission on  
y and Film Censorship,  
sport was published yes-  
report — which was  
s — has resulted  
ly in the formation of  
sps. The committee has  
sphy being available,  
more restricted circums-  
The face of Soho could  
ged markedly for the

etrators have called the  
a pornography" case  
Brian Mawdsley, Coun-  
e MP for Peterborough,  
s a Private Members'  
ndecent displays due  
and reading on Decem-  
s that it is a porno-  
's licence to cause  
to corrupt and to make

Mary Whitehouse wel-  
some of the restrictions,  
nounced that the serving  
sial cinema and shops  
nactively legalize por-  
y by licensing it. She  
thanked the committee's  
on that the link between  
raphy and the commis-  
f sexual crimes is not

William Whitelaw, the  
Secretary, thanked the  
tee in a written Parlia-  
y reply for the "clear-  
sive" way in which the  
nts had been presented.  
Government will want to  
a careful study of the  
tee's proposals and to  
count of Parliamentary  
sion opinion," he said.  
committee, which was  
in July, 1977, under the  
austrii puf Dr Bernard  
ns, bases its recommend-  
on its conclusion that, in  
l, adults who want to see  
should be allowed to do  
ough under restrictions.  
w category of film desig-  
"18R" would be intro-  
for pornographic films,  
written word, the com-  
says, need not be sub-  
to the obscenity laws at  
t adds that the existing  
n obscenity should be  
ed.

## Knife scuffle in Kennedy office suite

From David Cross  
Washington, Nov 28

Senator Edward Kennedy,  
two of whose brothers were  
killed by assassins, un-  
scathed today when a woman  
with a knife scuffled with  
secret service agents guard-  
ing him in his office suite on  
Capitol Hill.

There was a scuffle when she  
was unseated and one of the  
secret service agents was  
nicked by the knife. The woman  
was arrested.

Senator Kennedy requested  
that a given secret service  
protection in September when  
it became clear that he would  
challenge President Carter for  
the Democratic nomination.

Today's scuffle has "re-  
sounded" fears that the senator  
may be a target for world-be-  
assassins during the forth-  
coming presidential election  
campaign. President John  
Kennedy was shot dead in  
Dallas in November 1963,  
and Senator Robert Kennedy in  
Los Angeles in June, 1968.

Shell raises  
prices by  
2p a gallon

Shell raised the price of petrol, diesel,  
and heating oil by an average of 2p  
per gallon from midnight last night,  
increasing the price of four star petrol  
at most of its garages from 115p to  
117p per gallon. Other petrol com-  
panies said they had no intention of  
raising their prices but further in-  
creases are certain. The Shell increase  
is based on higher supply costs since  
July. More rises are expected after  
the meeting of the Organization of  
Petroleum Exporting Countries Page 21

TUC snubs NEB

The TUC refused a request to put  
forward nominations to the new  
National Enterprise Board and  
endorsed the decision of its Finance  
and General Purposes Committee to  
withdraw union nominees from the  
north-west and north-east regional  
boards. It is to make a wide-ranging  
review of its participation in the con-  
sultative machinery. Page 2

## Higher tax threatened if pay rises continue

By Hugh Noyes  
Parliamentary Correspondent

Increased taxation in next  
year's budget was the alterna-  
tive that the country would  
have to face if public sector  
spending and pay settlements  
continued uncontrolled at high  
levels. This warning came from  
Sir Geoffrey Howe, QC, Cham-  
berlain of the Exchequer, in the  
Commons last night when he  
opened a debate on the Gov-  
ernment's economic policies.

He added that if the private  
sector was not to face an ex-  
cessively high tax burden,  
public spending must be held  
firmly under control.

In the first important eco-  
nomic debate since Sir Geof-  
frey's budget in June, the  
Chamberlain emphasized that  
there were no reasonable or  
realistic alternatives to the  
policies that the Government  
was pursuing.

The tone of the Chamberlain's  
words was in stark contrast to  
the budget euphoria when he  
was speaking in the new Gov-  
ernment's tax cuts and indi-  
cating that more could be ex-  
pected in budgets still to come.  
Indeed, apart from confidence  
that he was on the correct  
course, there was little to  
choose between the gloomy pre-  
dictions, in at least the short  
term, coming from the two  
opposing front benches.

Opening for the Opposition,  
Mr Denis Healey, former Cham-  
berlain, said that nothing could  
justify the wage increases he  
the level now being demanded  
and achieved. To the discom-  
fort of some of his back-  
benchers, Mr Healey told them  
the "unpalatable truth" that  
those increases would not lead  
to any improvement in real  
wages.

But, he continued, the Gov-  
ernment could not expect  
working men to see the cost of  
living rising by up to 30 per  
cent without seeking to make  
good the fall in their living  
standards.

Support for government  
policies came from an unusual  
quarter in the shape of Mr  
Enoch Powell, Official Under-  
secretary of the House of  
Commons. He said the Govern-  
ment was undertaking a policy which  
required to be persevered with  
over a series of years. He  
agreed with the Chamberlain that  
there was no alternative to the  
present course.

Earlier, Sir Geoffrey had told  
the House that the action he  
was taking was clearly essential  
to reestablish and maintain  
firm control over monetary and  
fiscal policy.

He claimed that Labour's  
spending plans just before the  
general election would have  
meant 8p on income tax, VAT  
at 20 per cent, and higher rates,  
or all three of these. The Cham-  
berlain hinted also that the next  
Budget could see further cuts  
in public spending when he  
told a backbencher who asked  
whether the Government was  
cutting back sufficiently, that  
he intended to maintain the  
pressure on public spending.

But Mr Healey said the land-  
scape was littered with wrecked  
hopes and broken promises. To  
try and control inflation by  
control of the money supply  
alone could only be done at a  
horrible cost to output and  
jobs. He gave a warning that  
although some large firms  
might be able to escape the  
effects of the Government's  
policies, small firms which did  
not have the same bargaining  
power would find the banks  
foreclosing on loans.

The attempt by the Govern-  
ment to hold monetary growth  
at 4 or 5 per cent when infla-  
tion was rising at anything up  
to five times that rate was  
more viciously restrictive than  
any government in the world  
had ever attempted, Mr Healey  
said.

Parliamentary report, page 8

## S. African envoy kidnapped

San Salvador, Nov 28—A  
group of heavily armed men  
today kidnapped Mr Archibald  
Gardener, Dunn, South African  
Ambassador to El Salvador.

Between 10 and 15 men  
seized the ambassador as he  
prepared to leave the embassy,  
which is to the north-east of the  
capital. —Agence France-Presse

## Walk-out threat

The Salisbury Government delegation  
to the Rhodesia constitutional talks  
threatened to walk out because of  
protracted talks between Britain and  
the Patriotic Front. However, observers  
regarded the threat as being merely an  
attempt to generate pressure. Page 11

## Benefits reformed

Closure of the Supplementary Benefits  
Commission has been confirmed. A  
White Paper on reform of the supple-  
mentary benefit scheme is to be  
published today. The proposed reforms  
were welcomed generally but the social  
security Bill was roundly condemned  
by Opposition MPs. Page 4

## Arts Council changes

The Arts Council has decided to abolish  
nearly two-thirds of its advisory sub-  
committees. The move seems certain  
to be criticized by those who feel they  
are losing a voice in the council's deci-  
sions. Page 3



Leading the way: The Eng-  
land cricket captain, Michael  
Brearley, hits out during  
yesterday's thrilling win by  
two runs over the West  
Indies in Sydney, Australia.  
With face masked by his hel-  
met visor and wearing  
coloured pads, Brearley and  
Derek Randall put on 79 for  
the first wicket in England's  
first one-day match of the  
triangular tournament. It  
was the second defeat for  
the West Indies, who lost by  
five wickets to Australia the  
previous day. Report, page 19

## Second BL union backs away from strike

By Clifford Webb  
and Donald Macintyre

The Transport and General  
Workers' Union yesterday fol-  
lowed the Amalgamated Union  
of Engineering Workers and  
backed away from a confronta-  
tion with British Leyland  
which could have led to the  
dismissal of thousands of  
workers at the end of the  
state-owned motor group in its  
present form.

But the delicate relations  
which have always existed  
between the two rival unions in  
the motor industry have become  
strained by the engineering  
union's failure to follow the  
TGWU lead and make the  
strike official.

The split could endanger cur-  
rent wage negotiations at BL.  
The TGWU already has been  
proposals to restore the full wage  
differential between production  
workers and craftsmen repre-  
sented mostly by the AUEW.

Negotiations should have  
resumed yesterday but were post-  
poned because of the present  
dispute. Management attempts  
to set another date so far have  
been rejected by the union side  
on the BL joint negotiating  
council.

As most strikers returned to  
work Mr Brian Mathers, secre-  
tary of the TGWU's midland  
region told a press conference:  
"We are very angry. We have  
been stabbed in the back and  
presented with a fait accompli."  
He announced that a meeting

of his regional finance and gen-  
eral purposes committee had  
decided reluctantly to suspend  
its decision of two weeks ago to  
make the strike official and had  
recommended its members to  
return to work.

When told that Sir Michael  
Edwards, BL chairman, had  
given a warning to the AUEW  
executive at their eleventh hour  
meeting on Tuesday that he  
would dismiss all the strikers if  
the strike was made official,  
Mr Mathers said Sir Michael  
was trying to introduce  
"management by confrontation".

Mr Terence Duffy, the AUEW  
president, disclosed Sir  
Michael's dismissal threat yes-  
terday. Sir Michael had also  
given a warning that BL might  
seek to further backbite the  
Government and "that  
would be the end for British  
Leyland". Mr Duffy said his  
union had changed course be-  
cause of the "stark reality" of  
closure.

Yesterday nearly 90 per cent  
of the workforce went back at  
Longbridge, where at one stage  
14,000 of the 18,000 manual  
workers were on strike in sup-  
port of their dismissed col-  
leagues. Mr Derek Robinson  
At the Castle Bromwich body  
plant, which supplies Jaguar  
and Rover, 4,000 of the 5,700-  
strong labour force returned  
Support for Mr Robinson was  
also crumbling at Triumph.  
Canley, the last stronghold of  
the strikers.

## New Zealand DC 10 with 257 on board crashes into volcano on Antarctic sightseeing flight

Christchurch, Thursday

morning, an Air New Zealand  
DC10 airliner carrying 257  
people on an Antarctic sight-  
seeing flight crashed on the icy  
slopes of a smouldering volca-  
no, it was reported here  
today. There was no news of  
survivors.

The pilot of a United States  
search aircraft spotted the  
charred wreckage scattered on  
the slopes of Mount Erebus  
(11,300 ft) an active volcano  
not far from the New Zealand  
and United States Antarctic  
bases at Scott and McMurdo.  
Rescue teams set out for the  
wreckage.

The DC10, declared lost by  
Air New Zealand last night, was  
carrying a crew of 20 and 237  
passengers, including 191 New  
Zealanders, 24 Japanese, 13  
Americans, seven Australians  
and two Britons.

The search pilot said he saw  
the wreckage 2,500 feet up  
Mount Erebus.  
Two helicopters from the  
Scott and McMurdo bases re-  
ached the volcano but severe  
turbulence stopped them from  
landing.

The summer thaw had turned  
Mount Erebus into an island,  
making it more difficult for  
rescuers. Japanese and Russian  
fishing boats in the area have  
been alerted.

It was New Zealand's worst  
air accident since an aircraft  
crashed in 1931 in which 255  
people died.

A half-hour after the air-  
liner's fuel would have run out,  
airline officials announced that  
the plane was lost. The wreck-  
age was sighted 101 hours after  
the last radio message from the  
DC10.

Winds in the area seldom fall  
below gale strength, even in  
this season.  
A spokesman for the Civil  
Aviation Division said here this  
morning that the authorities  
had no immediate plans to  
ground Air New Zealand's  
other DC10s.

In Sydney, the Australian  
airline Qantas, said it was re-  
considering whether to go ahead  
with a tourist flight to the  
Antarctic on Saturday.—Reuter.

Our Wellington correspon-  
dent writes: Air New Zealand  
has been operating scenic  
flights to the Antarctic for a  
number of years. This flight  
was the fourth and probably  
their final flight of the season.  
It was to mark the fiftieth  
anniversary of Commander  
Richard Byrd's pioneer flight  
over the South Pole from a base  
at the Bay of Whales in the  
Antarctic.

The airline has released the  
names of only two of those on  
board, the captain, James  
Collins, and Mr Peter Mulgrew,  
a distinguished New Zealand  
mountaineer and polar  
explorer, who acted as flight  
guide.

Queen's sympathy: The Queen  
today sent a message of sym-  
pathy to the relatives and  
friends of those involved in the  
crash. The message, to the  
Governor General of New  
Zealand, said: "Prince Philip  
and I am shocked and dis-  
tressed by the news of the  
DC10 crash in the Antarctic."

"A disaster of such magni-  
tude must touch all New  
Zealanders, and we feel deeply  
with them at this time."  
"Please convey our sympathy  
to Air New Zealand, and  
especially to those who have  
lost relatives and friends in this  
tragedy."

A National Airlines DC10  
bound for Miami was forced to  
turn to Heathrow today after  
developing engine trouble. The  
aircraft, with 182 passengers  
and 13 crew on board, was air-  
borne for 10 minutes.

The pilot saw a warning light  
from the number two engine  
while taxiing along the runway.  
Catalogue of Disaster, page 12

## Bank tries to freeze Iran assets in Germany

From Peter Norman  
Brussels, Nov 28

Morgan Guaranty Trust, the  
New York bank, yesterday  
moved against Iran's industrial  
assets in West Germany to sup-  
port its claim to \$40m (about  
£20m) loaned to Iran and held  
in a default since the middle  
of this month.

The bank said in New York  
it had obtained attachment  
orders on Iran's equity in the  
prestigious engineering groups  
of Fried. Krupp, of Essen, and  
Deutsche Babcock, of Ober-  
hausen.

Morgan's action, which was  
taken without consulting other  
banks in a \$500m Iranian loan  
consortium was greeted with  
horror in west German banking  
circles. The attachment of the  
industrial assets, which have a  
value far in excess of the loan  
that Morgan is trying to pro-  
tect, was seen as a dangerous  
stage in the "money war"  
between the United States and  
Iran.

The government of the ousted  
Shah bought a 25.02 per cent  
holding in Deutsche Babcock  
from Babcock and Wilcox of  
Britain in 1975, and built up a  
stake of 25.01 per cent in the  
Krupp holding since then.  
Between October, 1976, and the  
summer of 1978.

Morgan Guaranty obtained  
the attachment orders in the  
Landgericht, or county court,  
in Essen today to establish a  
claim to its share of the grad-  
uated loan to Iran. This loan  
moved into default after Presi-  
dent Carter's decision to freeze  
Iranian assets in United States  
banks earlier this month.

Iran's 25.04 per cent direct  
holding in Fried. Krupp  
Hüttenwerke, the steel-making  
arm of the Krupp group, was  
not affected by today's moves.

Earlier this week, Morgan  
Guaranty took action in the  
New York courts to attach  
Iranian assets totalling nearly  
\$66.5. A spokesman for the bank  
said its \$40m share of the  
\$500m loan was also included  
in the new legal action.

The New York actions also  
involve Morgan's \$25m share of  
\$310m loan to the National  
Petrochemical Company of Iran  
that is held to be in default,  
and overdrafts totalling \$1.5m  
run up by the Iranian banks  
in the United States.

Morgan said that its out-  
standing loans to Iran totalled  
about \$80m.

Continued on page 21 col 3

## Football results

Hull 0, Carlisle 2  
Wigan 2, Blackpool 0

## Cool welcome for the Pope in Ankara

From Peter Nichols  
Ankara, Nov 28

The Pope arrived in Ankara  
today on the riskiest of his  
journeys so far. He hopes to  
leave with agreement for the  
opening of theological talks at  
a high level between Rome and  
the whole of Eastern Orthodox  
Christianity in an effort to re-  
pair the schism which dates  
from the eleventh century.

He arrived here, not formally  
as a religious leader, but with  
all the obvious drawbacks suf-  
fered by a head of state on an  
official visit to a country that  
is in its welcome. The sky was  
grey and overcast and the  
wind cold.

The 21 guns at the airport  
rang hollow for a Pope at home  
with crowds and with popular  
enthusiasm. Today there were  
few people other than the  
troops drawn up as a guard of  
honour and others in battle-  
dress stationed on the roofs  
and terraces of the airport  
buildings as a reminder of  
Turkey's present turbulence.

Asked why he had chosen a  
particularly delicate moment  
to come to the Muslim world,  
he said that he had an ecumeni-  
cal appointment to attend a  
ceremony on Friday in Istanbul  
with the Orthodox Patriarch in  
honour of St Andrew. "And  
love," he added "is stronger  
than danger."

Asked, in this ecumenical  
mood, when he would be  
coming to London to meet some  
Anglicans, he replied with an  
unequivocal: "I am ready."

This spontaneous declaration  
was received with a touch of  
amused resignation by Cardinal  
Casaroli, the Secretary of State  
who leads the entourage of 19  
accompanying the Pope. The  
Cardinal takes most of the

strain caused by the working  
habits of a difficult master who  
promises generously, makes up  
his mind suddenly and deci-  
sively, and then expects to see  
the pieces somehow fall into  
place.

The Ankara press makes no  
secret of official feelings that  
the visit was ill timed. The  
minority government won its  
vote of confidence only on Sun-  
day, and budget estimates for  
1980 have to be prepared  
urgently for a parliamentary  
debate on Friday. The new gov-  
ernment inherited plans for the  
visit and, unlike its predecessor,  
looks to support from a Muslim  
fundamentalist group which is  
opposed to close ties with the  
West and the Christian world.

Violence is widespread. On  
Tuesday night five people were  
killed in Istanbul. Two civil  
servants were machine-gunned  
in a bar, two workers were shot  
while shopping with their wives  
and a schoolteacher was killed  
as he left a bookshop.

An accused terrorist, Mehmet  
Ali Aqca, aged 26, escaped from  
a high security prison at the  
weekend and has stated that he  
did so in order to kill the Pope  
in Istanbul. He delivered his  
threat in the form of a letter  
to the newspaper Milliyet.

The problems of security are  
formidable. Already strong  
security forces were further re-  
inforced this morning imme-  
diately before the Pope's arrival.

For the superstitious, this is  
the thirteenth Papal journey  
since January 1964 when Pope  
Paul VI inaugurated the institu-  
tion of a travelling papacy with  
his visit to the Holy Land. He  
also came here in 1967, when he  
was preceded by an earthquake  
which took 1,000 lives, and his  
departure was closely followed  
by another.

There is a natural fear that

Continued on page 10, col 5

# Buying Dewar's is like hooking a salmon when you expected a trout.

**Dewar's**  
Possibly a touch more expensive,  
always unquestionably smoother.

## HOME NEWS

## TUC refuses to make nominations to new NEB and endorses regional boards withdrawal

By Paul Routledge  
Labour Editor

The TUC is to undertake a wide-ranging review of its tripartite consultative links with the Government and the CBI in the wake of the National Enterprise Board resignations affair.

Union leaders will make a "very vigorous" protest next Wednesday at a meeting of the National Economic Development Council over Sir Keith Joseph's handling of the future of Rolls-Royce.

After refusing the minister's request to make nominations to new NEB, the TUC General Council yesterday endorsed the decision of its "inner cabinet", the finance and general purposes committee, to withdraw union nominees from the north-west and north-east regional boards.

There is some pressure for the unions to go further and pull out of the NEB, its 39 sector working parties and other joint bodies on which the TUC is represented. But Mr Len Murray, general secretary of the TUC, made clear that there would be no precipitate move in that direction.

He said after yesterday's general council meeting that the unions would "pursue very vigorously" their view about the NEB at the talks next week with ministers and the CBI. The

TUC's influential economic committee will then review the situation on December 12.

But it is unlikely that the arguments for withdrawal from the consultative machinery will win the day. Union leaders point to reports already in train from the sector working parties and the useful information-gathering role they fulfil.

They will be particularly reluctant to give up their seats on the Manpower Services Commission, which oversees employment policies and government grants for job creation.

"There is always a debate about whether we are getting as much out of these joint bodies as we would like," Mr Murray said. "But we look at developments over a period. What we have thought within the industrial strategy has been to get more involvement of trade unionists at the workplace in decisions made there."

"This is the way we will test the usefulness of bodies such as this. If we find that in nine or twelve months that it is not working, then that is a different scenario." It was the TUC's long-term aim to restore the NEB as a "strong and thrusting body, when circumstances permit".

The TUC general secretary justified the unions' refusal to serve on the new NEB board by arguing that Sir Keith had

"very clear prior warning" that the withdrawal of Rolls-Royce from the state holding company's portfolio would be regarded as a vote of no confidence. Resignation had been forced on them by the Industry Secretary's decision to go ahead with the severance.

Mr Murray also dismissed recent ministerial arguments that big pay settlements were forcing up inflation. "What we are clear about is that attempts being made to ascribe all the misfortunes of the economy to developments in pay are designed to mislead and obscure the real causes."

"The real causes lie in the Budget and the Government policies that have succeeded it. But we are not surprised by the Government trying to use the unions as a scapegoat. This is nothing new in our experience."

In talks with Mr James Prior, the Employment Secretary, today, the TUC's employment, policy and organization committee will express "total opposition" to the Government's industrial relations legislative proposals.

Union leaders have been called to a conference at Congress House on January 22 to discuss plans for a campaign against the new laws. The Bill is to be published in about a week.

## Ministers attack 'mindless' marchers

By Christopher Warman  
Local Government Correspondent

Ministers responsible for local authority spending yesterday joined in criticism of the protest against cuts in Government expenditure.

Mr Tom King, Minister of State for Local Government and Environmental Services, complained of the "mindless militancy" of the marchers in the protest.

Mr Michael Heseltine, Secretary of State for the Environment, viewed the protest as "a serious failure" and said that he issued a statement "letting us be clear what today's march is about. It is no mainline, levels of public expenditure we cannot afford. It is to avoid the consequences of last winter's pay settlements. It is to support an explosion in the rate."

"It is a blunder for those who imposed such suffering last winter to march now in alleged support for the very people upon whom they imposed that suffering."

Mr King, addressing an Institute of Management Services conference in London, acknowledged that among the protesters were genuinely concerned, frightened, people who saw in the uncertain times ahead the need to band together to protect themselves from the cold wind of economy.

There were also politically motivated, deliberately provocative people. "Positive people are not found by marching in the streets. I accept that what we are asking for will cause some real problems for local authorities."

But solutions do not lie in protests which ignore the country's difficulties. They lie in a constructive approach and in sensible action. Showing is no way to give the public a fair deal. A constructive approach, not a mindless march; that is what we need."

Mr King argued that there was real scope for savings in the cost of local government, mainly by natural wastage of staff.

The Department of the Environment is beginning to drum home the message that by filling only three out of four vacancies the savings can be met. Added emphasis came yesterday with the detailed figures of local authority manpower, which showed an increase of 30,000 staff between June, 1978, and June, 1979.

Local government's argument, that the increase was due to greater responsibilities imposed by central government, had a point, Mr King agreed.

The minister hoped there would be more flexibility among staff. "If we do not get flexibility the cuts will be forced on teachers, for example, schools will suffer, and it could mean the end for some village schools."



Mr Eric Heffer at Central Hall yesterday.

## Anarchists in brawl at Labour rally

By Craig Seton

More than 50,000 people took part in a Labour Party rally in London yesterday to oppose the Government's spending cuts. A large meeting at the end of the day, attended by Mr James Callaghan, the Leader of the Opposition, was disrupted by a violent brawl involving anarchists.

Mr Callaghan watched grimly from the platform at the Central Hall as stewards tried to eject the few anarchists and punk rockers who had earlier heckled a number of Labour and trade union speakers.

A fight broke out at the rear of the hall, which held 2,000 people, and continued for several minutes before the hecklers marched out as police arrived. No arrests were made. Mr Callaghan, who had been greeted by a mixture of boos and cheers, was heckled by members of extreme left-wing groups throughout his speech,

in which he condemned the Government's "detestable" cuts, particularly those affecting the health and social services.

The rally, which started in Hyde Park, was thought to be the biggest organised by the Labour Party since the election of the previous Conservative Government. It was intended to show that the party had got over its election defeat and was opposing the Government with renewed vigour.

The organizers had expected 40,000 people, but Scotland Yard's estimate was "that 53,000 people had taken part."

The banner-waving marchers included Labour supporters from all over Britain and thousands of trade unionists, led by miners' brass bands. Members of the Shadow Cabinet and the National Executive Committee and union leaders were at the head of the march. Blindfolded other handicapped people took part.

The route from Hyde Park to the Central Hall was lined by thousands of policemen.

The march was preceded by a rally addressed by several leading Labour MPs who called for a big effort to replace the Conservative Government.

## Vote for union plan would close Linwood

From Ronald Fairs  
Car workers at the Talbot plant at Linwood, Scotland, will decide today whether to take industrial action when the first of 1,250 redundancies are enforced at the factory next month.

The 6,500 hourly-paid workers at Linwood, now owned by Peugeot Citroën of France, meet under a warning from management that the plant could close permanently if the mass meeting decides on any form of industrial action.

In a private letter delivered to the homes of each of the 1,250 workers, Sean, manufacturing director at Linwood, said it was understood that the joint shop stewards' recommendation would be for the workers to reject the company's recovery plan, which ends the night shift.

The shop stewards' right of this development is a duty to inform you that a vote by our employees in favour of the joint shop stewards' recommendation will result in an early decision being taken on whether or not to continue the Linwood manufacturing operation.

The shop stewards' alternative of a work-sharing scheme and a cut in overtime, the management say, would be so

costly and inefficient that would be impossible for wood to pay its way. That we immediately put the plant danger.

Closure would be a cruel blow to the west of Scotland where construction in the engineering in recent years had been severe.

It would also endanger 14,000 jobs at 14 factories in England. The St engine and gearbox plant, which supplies the Scottish car would be particularly vulnerable.

Mr John Carty, convenor shop stewards at Linwood, yesterday that the word would be asked to vote for union alternative. He was tried about the future of wood but the stewards realized the possible consequences of the gamble they were taking.

He did not think the shop stewards would let their minds be won by company's warning, which said had been heavy-handed Ford workers accept. Union leaders yesterday said the company's plan for the 24 plants had all voted to accept a pay offer giving increase 59,000 hourly paid employees 21.5 per cent and promise of automation on a reduction in working time.

## Clash shuts citizens' aid bureau

By David Nicholson-Lord

A citizens' aid bureau at Burton upon Trent, Staffordshire, has been closed this week after a year-long controversy over the running of its affairs, culminating in the resignation of its officers and the refusal of further grant aid by local councils.

The closure came after its expulsion last week from membership of the National Association of Citizens' Advice Bureaux (NACAB) on the grounds of continued mismanagement. NACAB, which is the registering and supervisory body for 850 bureaux in the country, last night described the step as "very exceptional".

The dispute began over a year ago when a report from a NACAB inspector found that it was failing to meet about 10 of the 35 conditions for membership.

Mr Leslie Collins, NACAB's West Midlands area officer, said a decision to withdraw membership was taken in June but deferred to give the bureau more time to "get things right". Some improvement occurred, but three conditions were still not being met. These, he said, were lack of an organizer, inadequate staff training and non-attendance at NACAB meetings.

## Miners expect new pay talks after ballot

By Our Labour Editor

The National Coal Board has been given a hint that miners' leaders will expect an early resumption of negotiations on the assumption that tomorrow's secret ballot will support union rejection of the "final" 20 per cent wage offer.

With only a few areas opposing the recommendation of the National Union of Mineworkers' executive committee, it is thought almost certain that the men will give their leaders the 55 per cent majority required to call a national strike "if necessary" to win an improved offer.

The closing stages of the ballot campaign were yesterday marked by fresh propaganda initiatives from both sides. Sir Derek Ezra, chairman of the NCB, predicted that a settlement of 25 per cent already declared acceptable by NUM leaders would put 15,000 jobs at risk over a period of years because the steel and electricity industries would turn to imported coal.

In Yorkshire, the biggest coalfield where the votes of 65,000 men may determine the outcome, miners were urged in a special edition of their local union paper not to settle for "less than the price of a decent pair of shoes".

Area NUM leaders calculate that the £12.30 to £17 a week increase proposed by the coal board will come out at only £8 to £11 after tax, and most of that will be swallowed up by higher prices for mortgages and national insurance contributions.

It is an interesting sidelight on the miners' position in the wages league that calculations of the impact of the 15 per cent mortgage rate should figure prominently in union propaganda. Many more miners can now afford to buy their houses. Sir Derek disclosed on BBC Radio programme, today, that a 25 per cent increase in basic rates would create "very serious market difficulties" for the industry's two biggest customers, steel and electricity generation.

They would start coal imports on a substantial scale. "There would be 15,000 jobs at risk over a period of years because we just could not sell the coal," he added. Jobs would be lost in the seasonal coalfields: Scotland, South Wales, Durham and Northumberland, and Kent.

Mr Joseph Cornsley, president of the NUM, discounted the board's view that £50m. of business was at risk. "I do not accept the figures at all," he said.

## Provincial Building Society Notice to Investing members and existing and prospective borrowing members.

## Provincial announce new interest rates.

## New Investment Rates from 1st December 1979

Provincial Building Society hereby gives notice to investing members that the rates of interest paid in all departments will be increased by 1.5% per annum with effect from 1 December 1979. The differentials on existing Term Shares will remain unaltered. On and after this date new investment monies will be accepted at the following rates:

	Interest rate (before income tax paid at 30%)	Gross equivalent	Guaranteed percentage above the variable rate
Fixed-Up Shares	10.50%	12.00%	
Regular Saving Shares	11.75%	13.25%	
High Yield Shares (current issue)			
2 Year Term	11.00%	12.75%	0.50%
3 Year Term	11.50%	13.25%	1.00%
4 Year Term	12.00%	13.75%	1.50%
5 Year Term	12.50%	14.25%	2.00%
Monthly Income Shares (current issue)			
1 Month's notice	10.20%	11.00%	
2 Year Term	11.00%	12.75%	0.50%
3 Year Term	11.50%	13.25%	1.00%
4 Year Term	12.00%	13.75%	1.50%
5 Year Term	12.50%	14.25%	2.00%
Holiday Savings Account	11.00%	12.75%	
Ordinary Deposits	10.25%	11.00%	

## Increased Mortgage Rates

Provincial Building Society hereby gives notice that the rate of interest applicable to outstanding offers of mortgage is to be increased by 3.25% with effect from 1 December 1979. This notice cancels the previous notice which specified an increase of 0.75%.

Notice is also given that the rate of interest applicable to the Society's various classes of mort-

gage accounts is to be increased by 2.50% with effect from 1 January 1980. The increase specified in this notice is in addition to the increase of 0.75% previously advertised and effective from 1 January 1980.

Where a mortgage deed specifies a period of notice before an increase is effective that period will commence on 1 December 1979.

The new rate of interest and revised repayment figure applicable to an existing mortgage will be notified in each borrower's annual statement of account.

Where an offer of advance has not been taken up by 1 December 1979 the new rate of interest and revised repayment figure will be quoted in the statement sent to each borrower after completion.

Any prospective borrower requiring information relating to the effect of this notice prior to completion should contact the Branch of the Society which issued the offer of advance or the Society at its Head Office.

In Option Mortgage cases the appropriate subsidy will apply.

PROVINCIAL

PROVINCIAL BUILDING SOCIETY

Provincial House Bradford BD1 1NL

Assets exceed £1300 million

Over 200 branches throughout the UK

## Acas helps with hospital's peace negotiation

By Alan Hamilton

The difficulties at Charing Cross Hospital, west London, beleaguered by pickets and critically short of heating oil earlier this week, eased further yesterday. More oil reached the hospital and the 200 of the hospital's full-time union officials began peace negotiations under the aegis of the Advisory, Conciliation and Arbitration Service.

Doctors and nurses, who had taken control of the hospital since a picket line of striking maintenance engineers on Tuesday morning, abandoned their demonstration yesterday afternoon after receiving assurances that the engineers would return to impede the delivery of essential supplies.

793 beds, half of them empty since the dispute began three weeks ago, had at least enough heating oil to last until Sunday and had restored the heat to ancillary buildings, including the nurses' home.

The hospital's administrators are still wary of taking new admissions until the strike is over. Although they have withdrawn their picket, the 45 strikers have said they will continue their action for the time being.

The engineers walked out on an unofficial strike on October 23 after their colleagues for refusing to carry out maintenance work in an operating theatre.

Their union, the Amalgamated Union of Engineering Workers and the Electrical, Electronic, Telecommunication and Plumbing Union, have since been crying without success to persuade the men to return to work.

The unusual action of the medical staff in taking over the picket lines to keep supplies flowing has received the approval of the British Medical Association.

A BMA official said yesterday: "If doctors are faced with a similar situation in future they are likely to do the same thing again. The BMA supports doctors and nurses in what they have done. Their first duty is to their patients." Similar approval was voiced by the Royal College of Nursing.

Maintenance engineers belonging to the EETPU have received a letter from their union warning them of possible disciplinary action or dismissal from the union unless they obey instructions to return to work.

## Graduate teachers find jobs

By Our Education Correspondent

Employment prospects for university-trained teachers remain bright despite the economic uncertainties and the difficulties faced by colleges trained teachers, a survey carried out by the Universities Council for the Education of Teachers (UCET) has found.

Nine out of 10 students who successfully completed postgraduate certificate in education (PGCE) courses at universities last July had obtained teaching posts in the United Kingdom by mid-October.

Of the 191 PGCE students who were still seeking teaching posts last month, 25 were scientists, eight were mathematicians and 24 were modern languages, all areas in which there is an acute shortage.

Nearly 200 of the students' 4,773 PGCE graduates decided to take jobs outside teaching. Two fifths of those went into industry or commerce.

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## Weather forecast and recordings

NOON TODAY

Forecast for 1st Dec: Partly cloudy with rain or snow.

Forecast for 2nd Dec: Partly cloudy with rain or snow.

Forecast for 3rd Dec: Partly cloudy with rain or snow.

Forecast for 4th Dec: Partly cloudy with rain or snow.

Forecast for 5th Dec: Partly cloudy with rain or snow.

Forecast for 6th Dec: Partly cloudy with rain or snow.

Forecast for 7th Dec: Partly cloudy with rain or snow.

Forecast for 8th Dec: Partly cloudy with rain or snow.

Forecast for 9th Dec: Partly cloudy with rain or snow.

Forecast for 10th Dec: Partly cloudy with rain or snow.

Forecast for 11th Dec: Partly cloudy with rain or snow.

Forecast for 12th Dec: Partly cloudy with rain or snow.

Forecast for 13th Dec: Partly cloudy with rain or snow.

Forecast for 14th Dec: Partly cloudy with rain or snow.

Forecast for 15th Dec: Partly cloudy with rain or snow.

Forecast for 16th Dec: Partly cloudy with rain or snow.

Forecast for 17th Dec: Partly cloudy with rain or snow.

Forecast for 18th Dec: Partly cloudy with rain or snow.

Forecast for 19th Dec: Partly cloudy with rain or snow.

Forecast for 20th Dec: Partly cloudy with rain or snow.

Forecast for 21st Dec: Partly cloudy with rain or snow.

Forecast for 22nd Dec: Partly cloudy with rain or snow.

Forecast for 23rd Dec: Partly cloudy with rain or snow.

Forecast for 24th Dec: Partly cloudy with rain or snow.

Forecast for 25th Dec: Partly cloudy with rain or snow.

Forecast for 26th Dec: Partly cloudy with rain or snow.

Forecast for 27th Dec: Partly cloudy with rain or snow.

Forecast for 28th Dec: Partly cloudy with rain or snow.

Forecast for 29th Dec: Partly cloudy with rain or snow.

Forecast for 30th Dec: Partly cloudy with rain or snow.

Forecast for 31st Dec: Partly cloudy with rain or snow.

Forecast for 1st Jan: Partly cloudy with rain or snow.

## Old favourite saves the show

John Reed, an old favourite of Gilbert and Sullivan, was the star of the evening at the D'Oyly Carte Opera Company's Christmas concert at the Royal Albert Hall.

Several leading members of the cast had throat infections and Mr Peter Riley, the company manager, asked Mr. Reed to sing a solo, a role for which he is famous. His performance, which will end the company's fortnight in Notting Hill.

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## HOME NEWS

## Arts Council advisory subcommittees to be cut in reorganization

By Martin Huckerby  
Arts Reporter

The Arts Council yesterday decided to abolish nearly two thirds of its advisory subcommittees as part of a reorganization aimed at increasing efficiency and saving money.

In a move that seems certain to be criticized by those who feel they are losing a voice in the council's decisions, it was agreed to "streamline" the operations of the council, cutting the subcommittees of 10 of the council's main advisory panels from 21 to seven.

As a result the number of outsiders on council committees, most of whom are experts in particular fields or representatives of arts organizations, will be reduced by about half.

The work of the subcommittees will be taken over by the main panels, but necessarily much of the preliminary work, such as the sifting of applications for grants, will have to be done by the council's officials, thus giving them more control than at present.

Sir Roy Shaw, the council's secretary-general, said yesterday that the decisions implemented the recommendations of a working party set up in 1978. Many other changes have been agreed and they will be made public when the working party's report is available next month.

The composition of the main panels will be altered to ensure that the subjects covered

by the subcommittees are represented, but the size of the main panels will also be reduced, so that may not be easy. Some details of the report were leaked to the magazine, Time Out, which publishes them today and refers to "distinctly undemocratic recommendations". Many critics of the council have called for a more democratic structure and the changes are unlikely to meet their approval.

However, Sir Roy said: "The essence of the operation is to reverse the natural tendency of committees to grow bigger and to proliferate subcommittees." He pointed out that in the past decade the grant administered by the council had increased seven-fold; its staff had increased by only half, but the number of panel and committee members had gone up by 150 per cent.

He said the simplified structure ought to lead to "increased efficiency, tighter organization and much-needed financial economies at the outset of what is bound to be a difficult year."

The council has not quite completed its consideration of the committee structure.

The working party that produced the report was asked to review the relationship between the council, its advisers and its senior officers, and particularly the current requirements for assessment, policy-making and servicing the council, the panels and committees.

## Agricultural research to lose 300 jobs

By Our Agricultural  
Correspondent

Three hundred jobs in the Government's agricultural research service are to be lost because of cuts in public spending, Dr Ralph Riley, secretary of the Agricultural Research Council, said in London yesterday. "We hope to achieve this without compulsory redundancies," he said.

That represents a cut of 6 per cent and will be spread over 22 research stations financed wholly or partly by the council. The council's budget was to be cut by £1.8m of 61 per cent in real terms, equal to the cost of running one station for a year.

Dr Riley said: "We are not intending to close any institutes, but to reduce specific activities in them." Recruitment would cease except for

jobs connected with safety or those essential for the survival of research. There will be fewer jobs for those entering the scientific professions.

Most of the council's cash came from the Ministry of Agriculture, Fisheries and Food for work done under contract. Funds had not increased to cover increases in fuel costs and in value added tax.

The council intended to maintain the value of its payments for projects done at universities. Some were not expected to produce results for several years and could not be stopped halfway.

The costs of running the council's research programmes have increased by more than £2m beyond those expected when the cash limit was set for its expenditure," Dr Riley said.

## RAF 'needs more fighters and quickly'

By Henry Stanhope  
Defence Correspondent

The RAF needs more fighters, and it needs them quickly, Air Chief Marshal Sir Michael Beetham, Chief of the Air Staff, said yesterday. "But even if it had the money, no suitable new aircraft were available, and given the recent manpower crisis it would be difficult to find the pilots."

He confirmed the RAF's stop-gap measure to arm a number of Hawk trainer aircraft with Sidewinder missiles and to bring into service an extra squadron of Lightnings—"still a very useful fighter".

In the medium term the Air Staff proposed to run on the present Phantoms for longer than originally intended, and in the long-term to obtain an additional three fighter squadrons.

That is understood to mean an increased order for the Tornado air defence variant which, Sir Michael said, is already showing signs of fulfilling RAF expectations of a first-class aircraft.

Meanwhile the Tornado strike variant was rolling off the production lines, and instructors were due to start work on it next year in preparation for the opening of a joint Anglo-Italian training base at RAF Cosmo.

Sir Michael, speaking to the Air Public Relations Association, also referred to the successful formation of three reserve RAF Regiment squadrons for the security of RAF airfields at Lossiemouth, Scampton and Honington.

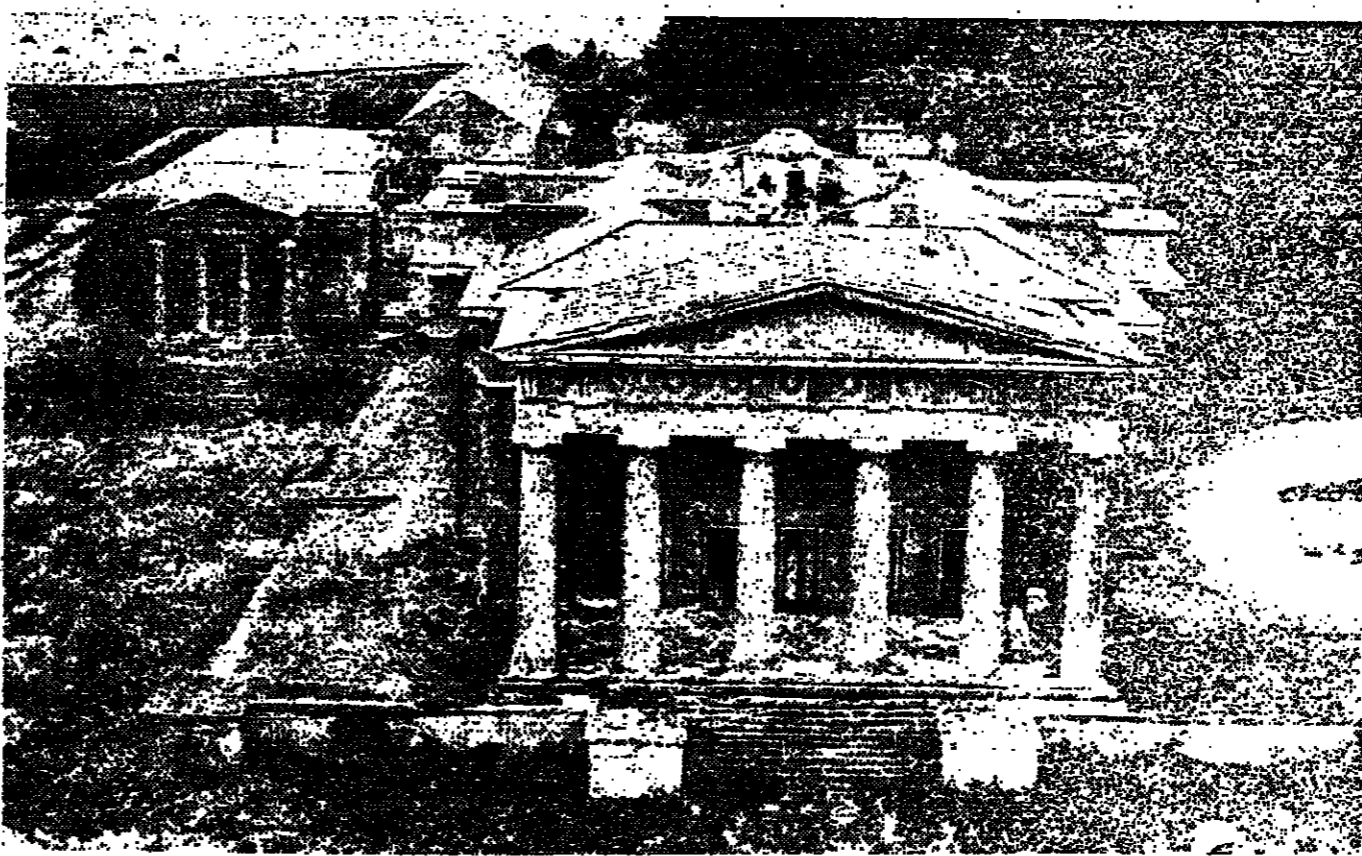
That had provided encouragement to expand the scheme and to make greater use of resources and auxiliaries. It is understood that the RAF is considering forming reserve squadrons with Rapier anti-aircraft missiles.

Sir Michael also reported "significant progress" in resolving the RAF's manpower crisis of the past few years. The Government's attitude to defence had had a heartening effect on morale, and the tide of men leaving the service was beginning to slacken.

Recruiting was buoyant, too, although the national demand for qualified engineers had been reflected in the RAF.

## New look for theatre

Redevelopment of the Theatre Royal, Winchester, will begin next spring, it was announced yesterday. The initial work will provide a new entrance and foyer, cloakrooms, a restaurant and offices.



Save The Grange: Those interested in the future of The Grange, Northampton, Hampshire, have until tomorrow to submit their views to the Department of the Environment.

The huge neoclassical mansion was saved from demolition in 1972, largely because of a telegram from the Council of Europe to Mr Edward

Heath, then Prime Minister, appealing for a reprieve for what it described as one of Europe's great monuments (Our Planning Reporter writes).

In 1974 it passed into the guardianship of the department, which has since put forward four options; to repair it at an estimated cost of £500,000; to stabilize the portico and

supporting walls and demolish the rest, which it is thought would cost about £250,000; to leave it to decay; or to demolish it completely.

Many conservationists, including Save Britain's Heritage, are campaigning for the first option, and claim that the department's estimates are inflated.

## Changes urged in mobility allowance rules

By Our Social Services  
Correspondent

The Government is being asked to change the mobility allowance rules after disclosures in *The Times* that children suffering from Down's Syndrome are being refused the allowance.

Mr Jack Ashley, Labour MP for Stoke-on-Trent, South, wants the criteria changed to allow all children unable to use public transport to become eligible automatically.

Mr Ashley said yesterday that it was deplorable that Down's Syndrome children were still being refused the allowance despite new regulations introduced this year. Those regulations were intended to remove confusion about the eligibility of such children; a test case had established that those with walking difficulties should be entitled to the allowance.

Mr Ashley yesterday wrote to Mr Patrick Jenkin, Secretary of State for Social Services, asking for a change to the rules.

## Action stepped up in BBC dispute

By Ian Bradley

The industrial action which is stopping the production of BBC television programmes in London and severely curtailing television and radio production in five regional centres intensified yesterday.

Sound recordists at the BBC's film studios in Ealing, west London, and sound technicians working on Open University programmes at Alexandra Palace, north London, stopped work.

The dispute, which involves members of the Association of Broadcasting and Allied Staffs, is over the introduction of a new grading scheme. News bulletins are now the only programmes being produced in the BBC's studios.

The corporation and most of the unions representing its employees generally agree that the grading scheme, which is 20 years old, is on the verge of collapse. It was drawn up at a time when there was virtually no inflation and before the days of government incomes policies.

In the last few years the system has been used by unions

as a device to get round successive incomes policies and to make leapfrogging claims. Each successful claim had a significant "knock-on" effect. As a result, there are now more than 1,000 regrading claims in the pipeline, which would take the grading department, with a staff of 30, at least two years to work through.

At present BBC staff are divided into five main grades: managerial, production and editorial (MP, with 7,174 staff), operational (OP—7,126), administrative and supervisory (AS—1,647), clerical (CO—564) and secretarial (SC—5,132). There are also casual and weekly staff.

There are eight divisions within each grade, together with special award provisions, annual increment scales and earnings roofs.

Last month the BBC put forward detailed proposals for a simpler and more flexible grading system which would set up five broad structural bands with salary ranges.

Departmental heads would be allowed greater flexibility in making merit awards. Market

forces, particularly rates of pay in independent television, would be given more importance.

On November 2 Mr Michael et al. the BBC's director of personnel, told ABS, the main BBC staff union, that because the grading department would be fully engaged in working out the new system outstanding regrading claims would be frozen for three months until the new system was implemented.

It is that freeze on outstanding claims, which applies only to the 16,000 staff in the MP, OP and AS grades, that has provoked the dispute.

The 540 staff who have been taken off the payroll for taking part in industrial action are nearly all sound technicians and members of technical operations crews who were top of the list of those who had claims coming up for consideration.

Mr Anthony Munn, general secretary of the ABS, said yesterday that within the last 12 months there had been reviews of the grades of certified engineers and cameramen.

## NUT forces selection plans to be postponed

By Our Education  
Correspondent

Bolton council agreed yesterday to postpone plans to introduce more selection into its secondary schools after a successful application to the High Court by the National Union of Teachers.

Secondary school pupils in one half of the borough now attend comprehensive schools, and in the other half they are selected for grammar and secondary modern schools.

The nine remaining grammar schools were due to go comprehensive last September, but were reprieved when the Conservative Government changed the law on comprehensive reorganization.

Under the new proposals, agreed by the council on October 31, the three 11-16 secondary modern schools and one grammar school in the Farnworth district of Bolton were to be changed into three "bilateral" schools in which pupils would be separated into 11-16 and 11-18 streams according to their ability.

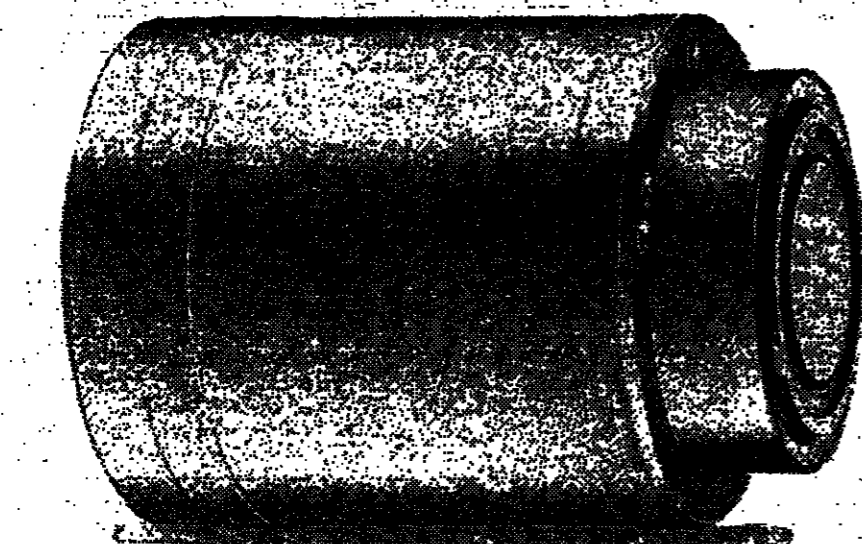
That, in effect, would double the grammar school provision in Farnworth. The local branch of the National Union of Teachers protested that it had not been consulted, as required by the law, and declared a collective dispute with the authority. The council nevertheless went ahead and published Section 13 notices to change the schools.

On Monday the High Court granted the NUT leave to apply for a judicial review of the council's conduct. The union immediately wrote to Bolton's chief education officer requesting the council to take no further action on its reorganization plans until the review had taken place; otherwise the union would apply for an injunction, it said.

Before that letter was received, however, the Bolton education committee took a decision at its meeting yesterday to acknowledge officially the NUT dispute, and to consult with all teacher associations before taking any further steps to implement its plans.

## New flag officer

Vice-Admiral Thomas Baird took over yesterday as the new Flag Officer, Scotland and Northern Ireland at Rosyth. His predecessor, Vice-Admiral Sir Camernan Rusby, has been appointed Deputy Supreme Allied Commander Atlantic at Norfolk, United States.



# It'll guide a tank at night or spot a badger.

The lens-like object pictured above is a product of over 50 years of image tube technology that's making even the Americans envious.

It's an image intensifier that lets you see, no matter how little light there is—even starlight will do.

Light particles are accelerated through an almost unimaginably fine and concentrated system of glass fibres, to be amplified up to 100,000 times. So image intensifiers operate in the dark, making possible a host of night-time military and security activities.

And naturalists can keep watch on nocturnal animals without disturbing them.

But that's not all that Mullard

technology offers when night falls.

There are infra-red detectors that are highly sensitive to temperature differences.

They construct a picture from hot and cold not unlike a photograph does from light and shade. So they can 'see' through fog, or smoke, or take weather-map pictures from satellites.

In these technologies—both of them important for export markets—Mullard lead the world.

It's not really surprising. We are the largest producers of electronic components in this country and, right across the board, industry comes to us for some of the most advanced components technology

available in the world today.

We, in return, are only too happy to co-operate fully and closely.

And that's a combined effort to see us through into the future.



## Mullard

A vital component in industry

## HOME NEWS

## Protests over closure of Supplementary Benefits Commission

By Pat Healy

Social Services Correspondent

The closure of the Supplementary Benefits Commission, disclosed in *The Times* yesterday, was confirmed last night when a White Paper due to be published today began circulating among MPs.

The White Paper also disclosed some of the reforms to the supplementary benefit scheme which are to be outlined in the Bill today.

Those reforms received a general welcome last night, although there is some anxiety that the change to the children's rates may conceal a cut. The present rates apply to children aged under five, from five to 10, 11 to 12, 13 to 16 and 16 to 17. The new ones will reduce the age bands to 0-10, 10-15 and 16-17.

The White Paper suggested that that would mean additional help for children under five, but for those aged 11-15, because they would qualify for higher rates than before. It is expected that the change will be implemented for the first time next year, at the time of the next general election.

Mr Frank Field, Labour MP for Birkenhead and former director of the Child Poverty Action Group, said the closure would be a great loss to claimants. It also raised the suspicion that the Government did not want to have an independent critical voice at a time when it was making substantial changes to the supplementary benefits scheme.

Doubts were also expressed by Miss Diana Warwick, assistant secretary in charge of the DHSS section of the Civil and Public Services Association.

The SBC had always taken a more radical line than the National Insurance Commission, which is also to be overhauled by the new body.

The CPSA had hoped that any merging of the two bodies would lead to some of the radicalism of the SBC rubbing off on NAIC.

The two issues that concern

Opposition MPs most in the new Bill are its proposals to change the basis on which benefits are raised each year by breaking the link with earnings increases for pensions and other long-term benefits, and the proposed closure of the SBC.

Labour MPs feel so strongly on the first issue that they have already decided to vote against the Bill on second reading.

Mr Jeffrey Rooker, a Labour spokesman on social security, said last night "That change affects nine million pensioners, who would be £5 a week worse off now if their pensions had been linked only to prices in 1974".

The proposed closure of the SBC amounted to the Government "silencing an independent watchdog for the poor", which was fast becoming "a festering sore" to ministers. The SBC had been set up by Parliament as an independent voice but the new social security advisory committee which would replace it would consist of people hand-picked by ministers.

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The two issues that concern



The painting which Professor Anthony Blunt first declared a genuine Poussin self-portrait, then a copy. It is owned by the Gimpel family.

## When Blunt view of a 'Poussin' changed

By Geraldine Norman

Sale Room Correspondent

Could Blunt have held it against us all that time? muses Jean Gimpel. As an undergraduate at Cambridge Professor Anthony Blunt got a vacation job as tutor to the children of the great Paris art dealer, René Gimpel. Gimpel, in his son's words, was a grand, generous and would not permit Blunt, the hired help, to take his meals with the family.

Twenty years later, in the 1950s, Blunt, the great Paris art scholar, ruled that the Poussin "self-portrait" owned by the Gimpels was a copy rather than an original, a decision that cut several noughts off the price at a stroke of his scholarly pen.

In fact, Blunt had earlier built up the reputation of the Gimpel "self-portrait". It is known from Poussin's letters that he painted two self-portraits during 1649-50 for his friends, Chantelou and Pointel. The Chantelou portrait has long been in the Louvre, but the Pointel was known only from engravings. In the *Burlington Magazine* for August, 1947, Professor Blunt firmly announced that the Gimpel picture was that painted by Poussin for Pointel.

"The quality of the Gimpel picture points almost conclusively against its being a copy. It has been rubbed in parts and has therefore in some places lost that precision which

we expect in Poussin at that period," he wrote "but the subtlety of the drawing, particularly in the fore-shortened head and the convincing quality of the modelling in those parts which are perfectly preserved are more than even Poussin's most skillful copyists ever attained".

However, in the 1950s an almost exact replica of the Gimpel picture came to light in the store of the Staatliche Museum, in East Berlin. Peter Gimpel met Professor Blunt, who told in his passing that the version had fallen from grace; the East Berlin "self-portrait" was now considered the original.

"Have you seen it?" Peter Gimpel asked Blunt, who replied that he had not. He could not go to East Berlin, as it was behind the Iron Curtain. The Gimpel children, who had inherited the paintings, were initially furious with the scholars for dismissing their picture. But when they saw the Berlin picture for themselves when it came to Paris for the big Poussin exhibition at the Louvre in 1960, "I am afraid it is better than ours," Peter Gimpel says.

Professor Blunt has told *The Times* that he also saw the Berlin picture in 1960. "That is the sort of thing that made me lose faith in art," he said. "Jean Gimpel, his friends, his family, his generations".

## 'Wide access' to MI5 files

By Stewart Tendler

What Professor Blunt, the "fourth man" in the Philby affair, was spying for Russia in MI5 during the last war, he was at one stage part of a programme to spread false information to fool the Germans.

Major Blunt, as he was then, circulated gossip and rumours in the social circles of the London clubs in the hope the tributes would percolate to German agents. The intention was to dupe the Germans with information about promotions and army movements that would cause them to make false strategic decisions.

At the same time, as he admitted in an interview last week, Professor Blunt was working for the Russians. He said that his main task was passing on details of intercepted messages sent by the Germans to their agents in Europe.

He studied the intercepts as part of his work in monitoring the neutral embassies and the governments in exile, two groups considered to be potential security risks.

In her statement on the affair last week Mrs Margaret Evans said: "It was his wish to be jailed."

Schönfeld, aged 41, unemployed and homeless, admitted having the brick to destroy property of Lloyds and also smashing the window on the previous occasion. Constable Evans said: "He says that if he is released today he will go out and smash the window again."

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## Fundamental reform of obscenity law proposed

By Marcel Berlins

Legal Correspondent

The fundamental reform of the obscenity laws are proposed in a report published yesterday. They include the scrapping of the present tests of obscenity and their replacement by a new test based on what is "offensive to reasonable people".

The Committee on Obscenity and Film Censorship, under the chairmanship of Professor Bernard Williams, Provost of King's College, Cambridge, recommends that the written word should no longer be subject to the obscenity law.

People wanting to buy pornographic picture magazines, or see pornographic films, would be able to do so in strictly controlled circumstances, ensuring that the general public was not subjected to offensive displays, either in shop windows or outside cinemas.

But there would be a total ban on anything which sexually exploited children under 16, or where it seemed that actual physical injury caused to the model or actor. Most sex shows would also be banned.

Under the committee's proposals the defence that obscene publication has artistic or literary merit or was in the public good would no longer be available.

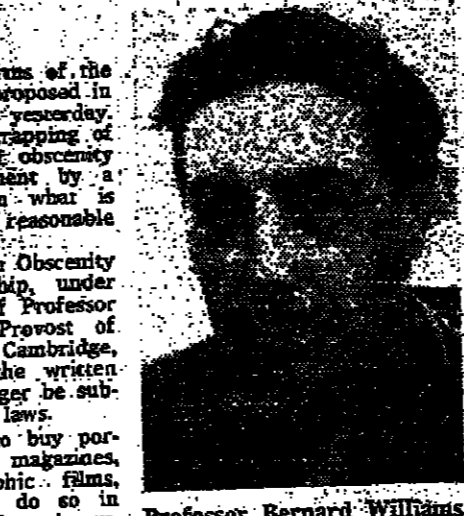
The 13 members of the committee were unanimous. They included a circuit judge, a former chief constable, a law professor and Mr David Robinson, film critic of *The Times*.

The existing law is a mess, the committee said. The law was scattered among a large number of statutes, there were inconsistencies and anomalies. Such terms as "indecent", "obscene" and "a tendency to deprave and corrupt" had outlived their usefulness.

The principal object of the proposed new law should be, according to the committee, "to prevent certain kinds of material causing offence to reasonable people or being made available to young people. Only a small class of material, however, should be forbidden to those who want it and are willing to seek it out, it believes."

The committee devotes a lengthy chapter to an analysis of the research carried out on the links between pornography and criminal behaviour. In particular, it deals in depth with the work done by Dr John Court, a South Australian psychologist, whose findings are backed by the Festival of Light and Mrs Mary Whitehouse.

It finds Dr Court's thesis that the availability of pornography is linked to an increase in sexual offences unconvincing, criticizes his methodology as unsound and concludes that there is no sound scientific basis for his opinions. The



Professor Bernard Williams, chairman of the Committee on Obscenity and Film Censorship.

committee also specifically rejects Dr Court's assertions that sexual offences in Denmark have increased since pornography became freely available there.

The committee concludes: "It is not possible, in our view, to reach well-based conclusions about what in this country has been the influence of pornography on sexual crime. But it is unacceptably dangerous to suggest that the available statistical information for England and Wales lends any support at all to the argument that pornography acts as a stimulus to the commission of sexual violence."

The committee also found unconvincing arguments that reading or seeing pornographic material caused "psychological harm" to the individual (except in the case of children), or that, cumulatively, exposure to pornography resulted in wider social harm.

It accepted, however, that although most pornography is trivial, shallow and obvious, it was for many people not only offensive but deeply offensive.

According to the committee, the evidence submitted to it showed a "remarkable balance of opinion" that the principal way of controlling pornography should be to restrict its availability, and that the main basis of the law should be the nature of the material in places to which normal life happens to take them.

Distinction is drawn between material, whether pictorial or on film, to which adults should have access if they want, and that which should be prohibited altogether.

Restricted access by the public would apply to material, or to a performance, whose availability is likely to be "offensive to reasonable people", because of the way it deals with "violence, cruelty or horror, or sexual, racial or urinary functions or genital organs".

Mr Don Revie, the former England football manager, denied in the High Court yesterday that he was influenced in quitting as manager because he knew a newspaper was about to publish articles alleging he had "fixed" matches when managing Leeds United.

Mr Revie, aged 52, who has issued a libel writ against the *Daily Mirror*, which published the articles, said he was upset about them.

Mr Johnson asked cross-examination by Mr Robert Johnson, QC, for the Football Association, in Mr Revie's action to have the FA lift its 10-year ban on his returning to League football.

Mr Johnson asked Mr Revie about a meeting in June 1977, with Gary Sprake, the former Leeds and Wales goalkeeper, at a Leicester hotel. Mr Revie agreed that he arranged the meeting.

Mr Johnson said Mr Sprake did not keep the appointment, but while Mr Revie waited he was telephoned by the player's solicitor, who confirmed that Mr Sprake had signed a contract to write articles for the *Daily Mirror*.

Asked by Mr Justice Cantley what the articles contained, Mr Revie said: "I was going to write about me, and matches being fixed."

Mr Revie denied that the impending publication of the articles influenced his decision to leave England in July 1977, instead of in November, when the final World Cup qualifying match at he had earlier planned.

Mr Johnson asked about specific allegations that he approached opposing teams to persuade them to help Leeds to win promotion and that he offered Mr Bob Stokoe, a former FA Cup-winning manager, £500 to fix a match. Mr Revie answered: "That's what the *Daily Mirror* said."

Mr Johnson asked: "Would you describe yourself as a man who is burning to get at the *Daily Mirror* to vindicate your reputation?"

Mr Revie replied: "Yes, I would like to do that."

The display or sale of restricted material, such as pictorial sex magazines, would be confined to premises to which only those over 18 were admitted. The shop would have to have a prominent warning notice about the kind of publication sold, and there would be a ban on any display visible to the public in general. The shop would present blank exterior, except for its name and an indication of its business.

Shops such as newsagents, which now sell some magazines which might fall under the restricted category, would no longer be able to do so.

It would be an offence, triable at the magistrates' court only, to sell restricted material anywhere but in a shop earmarked for that purpose, or to send such material through the post to anyone under 18 or to anyone who had not asked for it.

The question of whether a particular magazine fell into the restricted category would be for the court to determine, applying the "offence to reasonable people" test. There would be no right of private prosecution.

The committee proposes that the existing film censorship machinery should be scrapped and replaced by a statutory film censoring board, with 12 members representing a range of interests and skills.

The board would allocate films into five main categories: suitable for all ages (U), children under 11 to be accompanied by an adult (11A), no children under 16 to be admitted (16), no person under 18 to be admitted (18), and restricted exhibition "persons over 18" (R). The board would also be entitled to refuse a certificate altogether.

The restricted exhibition category would apply to pictorial films, and to that category would be able to be shown only in a cinema designated by the local authority, and the cinema would not be allowed to have any outside pictorial display visible to the public. A brief synopsis of the contents, prepared by the board, would have to be exhibited in the foyer.

The committee says that a film should be classified as restricted exhibition on the basis of "its visual content and the manner in which it deals with violence, cruelty or horror, or sexual, racial or urinary functions or genital organs".

The total refusal of a certificate would be justified if the film contained material prohibited by law or was acceptable "because of the manner in which it depicts violence, sexual activity or crime".

It would be an offence, triable at the magistrates' court only, to show a film contrary to the conditions that apply to its classification. There would be no right of private prosecution.

Some material, however, would be banned altogether. The committee defines such prohibited material as consisting of photographs or films the production for sexual purposes of a child who appears to be under 16, or where there is reason to believe that a model or actor involved has been physically harmed in the production of the photograph or film.

It would be an offence, punishable with up to three years' imprisonment, to distribute or show, send through the post, or take a photograph or film coming under the prohibition, and it would be an offence to say that the person consented to the act being filmed or photographed.

Moreover, to surmount the difficulty of having to prove the age of a child depicted in an imported magazine, or show that someone was actually hurt, the committee proposes that it should be left to the court to decide whether the criteria have been met, on whatever evidence they have, which could amount to appearances only.

Live performances ("live shows") involving actual sexual activity of a kind which would be offensive to reasonable people would be prohibited, as would any live performances involving the exploitation of a child under 16. The penalty for anyone convicted of putting on or taking part in a prohibited live sex show would be up to three years' imprisonment.

Visual depictions of bestiality would not be banned. The idea that pornography of this kind has a corrupting effect on those who see it appears to have no basis in fact.

The members of the committee are: Professor Bernard Williams, chairman, Provost of King's College, Cambridge; Mr Ben Hooberman, London solicitor; Judge John Leonard, QC, Common Sergeant; Mr Richard Matthews, former Chief Constable of Warwickshire; Mr David Robinson, film critic, *The Times*; Mr Sheila Rothwell, senior lecturer, Henley Administrative College; Professor Brian Simpson, Professor of Law, University of Kent; Dr Anthony Storrs, consultant psychotherapist, Warneford Hospital, Oxford; Mrs M. Jessie Taylor, headmistress, Whalley Range High School, Manchester; The Bishop of Bristol, the Right Rev John Tinsley; Miss Polly Toynbee, writer and journalist; Professor John Weighman, Professor of French, Westfield College, London University; Mr Vivian White, secretary of the United Caribbean Association.

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## Prompt action urged to help farmers

By Our Agriculture Correspondent

Farmers' debts have risen alarmingly in the past year, Mr Charles Jarvis, chairman of the British Farm Produce Council, said yesterday. "Bank borrowing went up by £375m to £1,670m in 1978," he said at a meeting of the Royal Society of Arts, London, which had been opened by Mrs Margaret Evans.

Mr Jarvis, who farms at Little Clacton, Essex, said that the Government should act quickly to stimulate recovery in agriculture.

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## £2m independent hospital for Yorkshire

Planning permission granted yesterday for a new independent 45-bed hospital to be built at Bingley, West Yorkshire.

The project, planned by consultants from hospitals in the Bradford area, is expected to cost £2.1m.

The hospital, to be called the Yorkshire Independent Clinic, will be equipped to provide both in and out-patient treatment. It is also hoped to provide preventive medicine and treatment for sports injuries.

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## THE HALIFAX BUILDING SOCIETY NOTICE TO THE SOCIETY'S BORROWERS

## Variation of Interest Rates

In accordance with the Society's Rules and the conditions and provisions applicable to its mortgages the rates of interest charged on mortgage accounts will be increased by £3.25 per cent per annum.

The rates of interest payable by option mortgage borrowers will also be increased and they will be notified individually of their new rates of interest.

The new rates of interest will take effect on new mortgages and on existing mortgages having roll numbers A/1756000-(9) and upwards on 1st January 1980.

on other mortgages on dates to be notified individually to the borrower concerned.

Borrowers will be notified individually of the new monthly payments they should make.

This notice supersedes the notice of increase of rates advertised in July of this year.

TRINITY ROAD, HALIFAX NOVEMBER 1979

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Cambodia

Two small reasons why we must go on caring.

The people of Cambodia have suffered too much. Two million people have died. Many of them little children. Understandably many of the survivors are in a critical state.

But there is hope. Food and trucks are now arriving. We must make sure that they continue to do so until new crops can be harvested. Otherwise thousands more will die. And that must not happen again.

That's why your help is so important - continuing help over the coming months. Signing the bankers order form below for a few pounds a month could make a world of difference. If you can't do that send any donation - whatever you can afford. Thank you.

Bank Name and Address

Please pay Outgoes until further notice.

Name

Address

Signed

Please send donations and completed bankers order forms to Room 15, Oxford Road, Oxford OX2 7BE.

Small text at the bottom of the form.

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## Mr

# Our Welcome to the JAMAHIRIYA\*

## Libyan Arab Airlines,

with its continuously developing route system, is very conscious of the need to back expansion in the air with top class facilities on the ground.

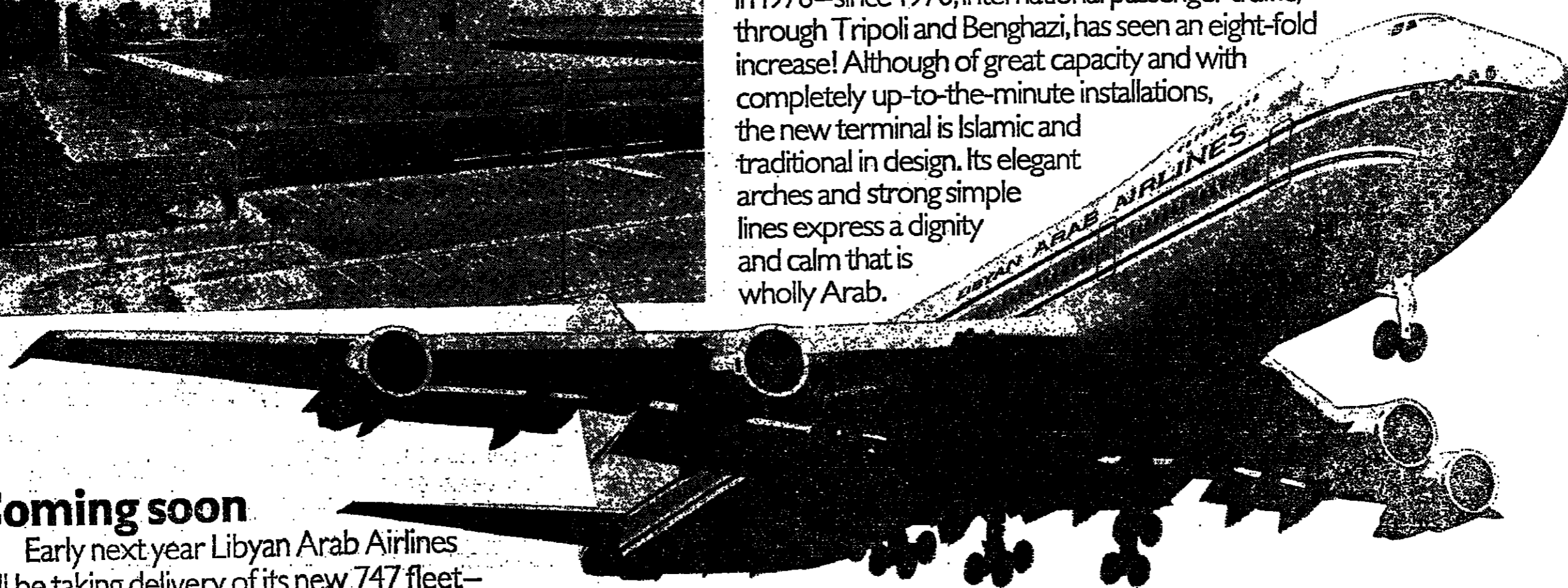
As well as the desire to provide passengers with a first rate Airline service, this striving for the highest standards is part of the revolutionary spirit of the Jamahiriya—something we aim to see reflected in everything we do.

There's no better example of this than our new airport at Tripoli. Here, you meet us on our home ground. It's where we welcome you to the Jamahiriya.

We're proud of our Airport, one of the most advanced in the world, and we'd like to take this opportunity to show you round...



The new terminal at Tripoli Airport was opened in 1978—since 1970, international passenger traffic, through Tripoli and Benghazi, has seen an eight-fold increase! Although of great capacity and with completely up-to-the-minute installations, the new terminal is Islamic and traditional in design. Its elegant arches and strong simple lines express a dignity and calm that is wholly Arab.



## Coming soon

Early next year Libyan Arab Airlines will be taking delivery of its new 747 fleet—three aircraft in all—another dramatic leap forward in the airlines policy of continuous expansion. Following, as it does, so closely on the tenth Anniversary of the Revolution, this adds a potent affirmation of all that has happened since September 1st 1969, and carries forward the surge of development that will take the Jamahiriya into the eighties.

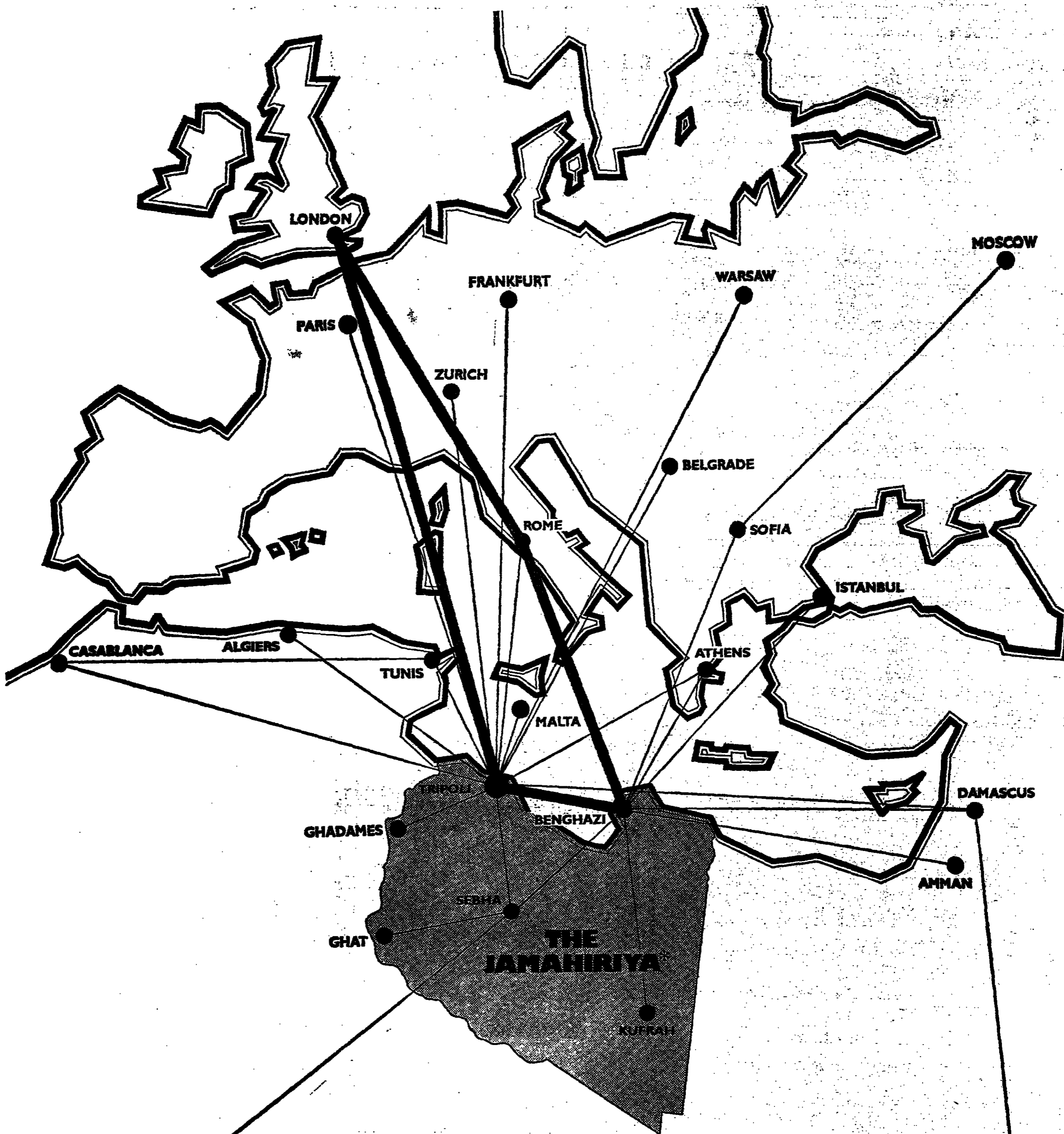


الخطوط الجوية العربية الليبية

**LIBYAN ARAB AIRLINES**

\* Socialist People's Libyan Arab Jamahiriya

Two small reasons why we go on cars



## London's Schedule

Libyan Arab Airlines, with the most comprehensive flight-schedule at the most convenient times to the Jamahiriya, gets you there, easier, quicker.

Here is our London Timetable:

U.K. (Heathrow) - Jamahiriya

Daily (LNI03)

Dep. LONDON 14.35  
Arr. TRIPOLI 17.50  
Dep. TRIPOLI 19.00  
Arr. BENGHAZI 20.05

Tues: Thurs: Sun. (LNI05)

Dep. LONDON 13.50  
Arr. ROME 16.00  
Dep. ROME 17.00  
Arr. BENGHAZI 19.00

Jamahiriya - U.K. (Heathrow)

Daily (LNI02)

Dep. BENGHAZI 07.30  
Arr. TRIPOLI 08.40  
Dep. TRIPOLI 09.45  
Arr. LONDON 13.05

Tues: Thurs: Sun. (LNI04)

Dep. BENGHAZI 07.15  
Arr. ROME 09.20  
Dep. ROME 10.10  
Arr. LONDON 12.25

London Office: Libyan Arab Airlines, 88 Piccadilly, London W1V 9HD  
General Enquiries Tel: 01-499 1016/9. Ticketing & Sales Tel: 01-499 0381/5

People's Choice to the Jamahiriya.



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LIBYAN ARAB AIRLINES

\* Socialist People's Libyan Arab Jamahiriya

## HOME NEWS

## Call for technology to have priority in all school teaching

By Diana Geddes  
Education Correspondent

Technology must be made part of the mainstream of education in schools, Mr Neil Macfarlane, Under-Secretary of State for Education and Science, told a conference in London yesterday on education's contribution to Britain's economic recovery.

Technology should no longer be regarded as a poor relation, or something for the non-academic pupil, he said. It must both infuse the whole curriculum, being made part of the basic approach to literacy, numeracy and dexterity, and be encouraged in its own right.

The evidence from the Schools Inspectorate's review of secondary education, due to be published next week, would demand attention and action.

The recently published Government report on local authority arrangements for the school curriculum showed that Britain had "a long way to go".

While most authorities said they were trying to promote the development of a basic un-

derstanding of contemporary economic, social and political life, it was clear that such activity varied greatly in depth and quality, and was far from reaching all pupils.

The relationship between education and economic success was crucial, Mr Macfarlane said. He believed the mismatch between educational content and the needs of industry had contributed significantly to Britain's economic decline.

Mr Macfarlane hinted that the Government would make an announcement before Christmas about financial aid for the promotion of education in microtechnology. Speakers at the conference, organized by the Standing Conference on Schools, Science and Technology, expressed regret at the disappearance of the 12.5m promised by the Labour Government for education in microelectronics.

The conference passed resolutions calling for more imaginative solutions to the severe shortage of teachers of physics, mathematics and of craft, design and technology.

## Large food price rises forecast next year

By Hugh Clayton  
Agriculture Correspondent

Food companies would have to make large price rises next year to cover sharp increases in costs, Mr Derrick Hornby, president of the Food Manufacturers' Federation, said in London yesterday. "We are unable to keep absorbing higher costs of raw materials and packaging."

Mr Barrie Williams, deputy director-general of the federation, said that the cost of living was rising by 16 per cent a year while the cost of food was increasing by only 12 per cent. "That gap is going to be narrowed," he added.

But the federation, which represents most of the food companies in Britain, does not accept that farmers should charge higher prices. "I do not think that the farmers need it," Mr Hornby said. "They have done very nicely, thank you."

He rejected the claim by the National Farmers' Union of England and Wales for a substantial price rise through a devaluation of the "green pound" by a record 12 per cent in December. If the farmers go on putting their prices up and up, their consumption will go down and down, and they will be out of business," he said.

"I believe that butter is the classic example, with surpluses all over the Community so that it has to be sold cheaply to eastern Europe, and where consumption across the Community is falling."

Mr James Clemenston, deputy president of the federation, said that food companies would oppose a devaluation next month. "We believe that when devaluations were needed, they coincided with the annual fixing of farm prices throughout the Community in the spring."

There is no such generalised claim as the general farming," Mr Clemenston said. "Some farmers have very real problems and others have not."

Mr Peter Walker, Minister of Agriculture, Fisheries and Food, has appealed several times this year for farmers and food processors to heal their differences.

Mr Whitelaw's plan for short, sharp shocks runs into opposition  
Punitive regime opposed by Home Office

By Peter Evans  
Home Affairs Correspondent

Mr William Whitelaw's plans for short, sharp shocks for children at Sent detention centre, near Woking, have run into the entrenched opposition of a rather different Home Office philosophy.

The Home Office view, given on three separate occasions, is that stiffer penalties will not work. Any regime made deliberately more punitive would run a risk of increasing the principles laid down in the United Nations standard minimum rules for the treatment of prisoners.

That was made clear by the Home Office 18 months ago to the Commons Expenditure Committee. No contrary opinion expressed publicly since.

The Home Office view is evolved through its own internal crime policy planning unit and based on worldwide research.

The unit, staffed by civil servants and established in 1974, prepared a working paper, *A Review of Criminal Justice Policy*, on which Home Office attitudes are based.

It said: "Such research evidence as there is tends against the view that increasing the severity of penalties deters

criminals. The level of recidivism, and the history of penal institutions both in this country and abroad suggests that, though the system itself may have a deterrent effect, harshness alone (at any rate of a degree that is acceptable to contemporary British society) is not a general deterrent."

The paper was published in 1977, only three months after Mr Whitelaw promised that the Conservatives would operate a glasshouse system of detention centres for some young delinquents "so that they receive a short, sharp shock treatment, which I hope will deter at least some of them from getting embroiled deeper into the mire of crime."

The unit's view was given much wider endorsement in *Prisons and the Prisoner* (published by the Stationery Office), which was styled "an authoritative statement of the policy followed by the prison service of England and Wales."

It says: "As regards humanity, there is room for more than one view about the conditions of detention which will be currently acceptable to society."

Though it does not name Mr Whitelaw, it refers to "some, for instance, who argue that im-

prisonment should be deliberately made a harsh and disagreeable experience because this will deter the offender from committing further crimes and will serve as a salutary warning to others."

The prison department believes these to be mistaken. Because a custodial sentence is by its nature inherently unpleasant and its main deterrent effects lie in the deprivation of the offender's liberty and the restrictions necessarily arising from the regime.

Introduction of severe punishment of children at Sent would mean by civil servants going against their conscience and convictions.

A senior civil servant in the criminal policy field at the Home Office, Mr Michael Moriarty, who has gained an international reputation as an authority on penology, last month was due to leave the Home Office in a temporary secondment to a post in the Northern Ireland office in London.

The civil servant who headed the crime policy planning unit, Mr Anthony Rawsthorne, was also moved last month to a new job.

Mr Moriarty has been replaced by Mr W. J. Bohan, who is known at immigration appeal hearings for his faithful articulation of Government policies, which have grown ever stricter over the years. But other senior officials who advised the policy views are said to be in position.

Evidence so far published at the regime at Sent, one of the two detention centres in Britain where the experiment of harsh sentences is to be tried, suggests it is already a fact. How it is to be made harsher has not been announced.

Already Sent's medical officer, Dr Charles Backhouse, has written in the confidential *Physical Medical Journal* that the physical condition of boys who arrive at Sent is "considerably worse than those seen outside in general practice."

Although boys are said to benefit from the physical regime and medical supervision at Sent, Dr Backhouse urges the maximum energy in helping them.

Comparing opportunities at Sent with what the inmates have experienced before, he adds: "I believe the mental health of these young boys would be improved by more education and more stimulating conditions." But that is not quite what Mr Whitelaw has in mind, judging by what he has said so far.

## Decline of West 'in interest of mankind'

By A Staff Reporter

Scholars and analysts who felt that the Third World should disengage from the international capitalist system were challenged in last night's fourth Reich Lecture on BBC radio 4 by Professor Ali Mazrui, professor of political science at Michigan University.

"It is too late to disengage," he said. "The industrialized countries could gradually destroy the world through pollution and other forms of ecological damage, or impoverish it by an indiscriminate or even reckless depletion of resources."

Professor Mazrui, whose theme is "The African Condition," was discussing the paradox of Africa's immense mineral wealth and agricultural potential coexisting with some of the lowest standards of living. The gap between elites and masses must be narrowed, he said. There must be a strategy of income distribution and land reform.

The decline of Western civilization might well be at hand. It was in the interests of humanity that it should happen. It would allow the different segments of the human race to share more equitably the planet's resources and the power to control its future.

Efforts should be made to make possible minimum nutritional levels, minimum health care, minimum educational opportunities for children and the like.

In the short term it would be disastrous for the Third World if the United States and its allies made a "real cut in oil consumption. An America sufficiently in oil was an America invulnerable to external pressures.

If the northern industrialized countries could upset the economies of the Third World by cutting their oil consumption, less oxygen the southern hemisphere must also find ways of holding the industrialized nations to ransom.

## Move to expedite abortion Bill angers some MPs

By Our Parliamentary Staff

MPs opposed to changes in the abortion law, protesting angrily yesterday when Mr John Corrie, Conservative MP for North Yorkshire and E. Rye, successfully moved a motion requiring the Home Office to consider the Abortion (Amendment) Bill to sit three days a week instead of one.

He has not charged opponents of the controversial Bill with filibustering, but thinks progress has been too slow for any chance of the report stage being reached on February 8.

Mr Bill makes further provisions which will be a termination of pregnancy by registered medical practitioners, and controversy centres on the proposed to reduce the upper limit for elective abortions from 28 weeks to 20.

He suggested yesterday that there should be sittings twice a day, three days a week. "I am sure that the Home Office, Labour MP for Central Fife, protested at this "draconian" use of power by the Bill's supporters. They did not seem to care about the overwhelming evidence of medical opinion against it.

Without adequate time for discussion "lies, distortions and exaggerations" could fly out before MPs had time to do anything about them, he said.

The motion was carried by nine votes to five.

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## Carrickmore reaction 'too quick'

By Kenneth Gosling  
Arts Reporter

A warning against the direct or indirect penetration of the power of government into the daily operations of broadcasting is given in *Governing the BBC* published today by Lord Briggs, Provost of Worcester College, Oxford, an official historian of the BBC.

Lord Briggs took six months off after the publication of Volume IV of his *History of Broadcasting in the United Kingdom* to study the role of the BBC's governors, especially in the light of nine case histories published in the book, including the controversies over *Yesterday's Men* and *The Question of Ulster*.

"Since a mythology has arisen so fast about all these cases, I thought it was essential to go back and try to uncover the facts," Lord Briggs said this week.

One of the book's main points, he said, was a simple one: that there was no precise formula for the relationship between the chairman, the governors, the director-general and the staff of the BBC.

Lord Briggs said he had been writing the book now, he would have discussed the Carrickmore incident. The Irish issue was still the most sensitive; reactions had been too quick.

"What really fascinates me about government" he said, "is

that government expects everybody else to govern itself sensibly in a way it finds itself sensible when it faces the problems of governing the country."

Lord Briggs asks in his book whether any weaknesses in the BBC's handling of difficult situations would have been lessened under a different system of broadcasting such as a devolved system separating radio and television, or a system supervised by a special Ministry for Broadcasting or a council concerned with both the BBC and the commercial companies.

*Governing the BBC* (BBC Publications, £10).

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## Dancing school rescues stage company

From Our Correspondent  
East Grinstead

Genee Theatre Projects, the charity company leasing East Grinstead's Adelphi Genee Theatre, which ceased operations last month because of mounting difficulties, is not to go into liquidation.

An offer from the directors of the adjoining Bush Davies Dancing School to take responsibility for the company's liabilities has been accepted.

The charity board's chairman, Mr John Harrison, said yesterday that all creditors would be paid. The theatre would stay closed for a time.

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## Government reneging on conservation commitments, amenity groups say

By John Young  
Planning Reporter

An unprecedented and serious confrontation is building up between influential amenity groups and the Government, which, they say, is reneging on its commitment to conserve the countryside.

In a speech to the Royal Town Planning Institute summer school in York last September, Mr Michael Heseltine, Secretary of State for the Environment, said that conservation was perhaps his prime responsibility. National parks, areas of outstanding natural beauty and sites of special scientific interest had to be preserved.

Since then, those words have been thrown angrily back in his face in statements from bodies including the Government-sponsored Countryside Commission, the Council for the Protection of Rural England, the Ramblers' Association and the Commons, Open Spaces and Footpaths Preservation Society.

At least four issues have been identified, of which perhaps the most controversial is the Government's stated intention not to introduce moonlight conservation orders, as recommended by Lord Porchester in his report on Exmoor last year.

The others are its failure to provide greater protection for the wetlands of the Broads and the Somerset Levels, and its refusal to designate the North Pennines as an area of outstanding natural beauty.

The official view of the Exmoor controversy was contained in the sixth and last of a series of recent consultation papers on the forthcoming Wildlife and Countryside Bill. Ministers were said to be unconvinced that there was a case for continuing moonlight conservation orders as proposed by the previous Government.

The Countryside Commission claims that voluntary agreements with farmers have not worked, and need to be backed

by reserve powers. It says it does not share the optimism of ministers expressed in the consultation paper.

Mr Alan Mattingly, chairman of the Council for National Parks and Secretary of the Ramblers' Association, has accused the Government of refusing to heed the words of the park authority, and of ignoring the recommendations of the Countryside Commission.

The Exmoor Society says that the consultation paper reflects the views of the Country Landowners' Association and the National Farmers' Union, "both of which bodies must necessarily be more concerned with the profitability of their own holdings than with the conservation of Exmoor."

Mr Roland Wade, chairman of the CPRE, argues that, in refusing to designate the North Pennines, Mr Heseltine has ignored the recommendations of the commission, his official advisers, and has instead listened to the landowners, the farmers and the Forestry Commission.

## Plea not to cut aid to problem drinkers

By Our Home Affairs Correspondent

The all-party Parliamentary Penal Affairs Group today criticizes the Government for cutting off from next spring money to local voluntary organizations working with drunkards.

A statement from the group says that many of the organizations will vanish. It particularly regrets that there exist only two small detoxification centres to look after people referred there by police. Future financing of one of them is under threat.

"In 1978 there were 100,756 convictions for drunkenness and 2,710 receptions into prison of people convicted of drunkenness offences."

It is wasteful to treat people that way, the group says. It wants the Secretary of State for Social Services to think about continuing the supply of money to places for problem drinkers until the full implications of the May report on prisons has been properly considered.

## Houses 'should be designed for change in fuel supply'

By Pearce Wright  
Science Editor

A proposal for an energy impact statement on building projects run by the state, the nationalized industries and local authorities was outlined in London yesterday by Sir William Hawthorn, chairman of the Government's advisory council on energy conservation.

He said in an address to the Institution of Municipal Engineers on energy conservation for local authorities that coal would have to flow across international frontiers like oil had in the future.

Combined heat and power networks would have to be adopted for industrial and residential zones, and new buildings designed to allow for a switch in fuel supplies.

He gave a warning that if we did not do so there was a danger of locking our grandchildren into an energy system that could not be sustained.

The main thrust of his advice was that no new industrial, commercial, administrative or residential building should be built making it impossible to change from oil to gas or coal or to any other source of fuel.

Sir William, Professor of Thermodynamics at Cambridge University, argued for the necessity to keep those options open, particularly in the light of events after the World Energy Conference in 1977.

Since then 16 Western countries with the highest interest in nuclear power had revised downwards their estimates of demand for electricity from this source from between 900 and 1,800 gigawatts to 500 to 900 gw.

The oil depletion policy of Opec countries was bringing oil production to a plateau faster than expected. Against that background, the amount of coal had been revised upwards from 1,000 million tonnes for the West by the 1990s to more than 2,000 million tonnes; hence the reason for the development of an international coal trade.

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## Police say man admitted spade murder

From Our Correspondent  
St Albans

Peter West, aged 39, a storeman, was said at St Albans Crown Court, Hertfordshire, yesterday to have confessed to the killing of his lover's husband.

Det Supt Neil Dickens said that when he mentioned the word "spade" tears had come to Mr West's eyes. Mr West is alleged to have killed Mr Frederick Chapman with a spade after Mrs Margaret Chapman had given her husband sleeping pills that made him unconscious.

Mr West, of Jackman's Estate, Letchworth, Hertfordshire, and Mrs Chapman, aged 32, also of Jackman's Estate, both deny murdering Mr Chapman last February.

The trial continues today.

## Britain's Chinese protest at immigration proposals

By Our Home Affairs Correspondent

For the first time Britain's Chinese have been moved to serious political protest. The cause is the Government's proposals for new immigration rules.

A letter has been sent from a basement in London's Chinese quarter in Gerrard Street to Mr Whitelaw, the Home Secretary, criticizing proposals that will affect the community's ability to maintain its economic self-sufficiency.

"Our percentage of unemployed is virtually nil," the Chinese Action Group said, "and most of us, with the exception of professional representation, have in fact existed in our own sub-economy of small businesses."

It requested particularly the £100,000 minimum capital

requirement for people entering to set up business, restrictions on dependants and the limited number of work permits.

The White Paper proposals destroyed any possibility for starting new enterprises or developing family businesses for the mutual benefits of our communities.

"As labour is so expensive, we rely on our children and elders to help in the catering industry, which in turn supports your main economy," the group said.

The eligibility of obtaining residence after four years of employment in this country, which so far had been a discretionary measure, would be at the mercy of the employer as a result of Government proposal.

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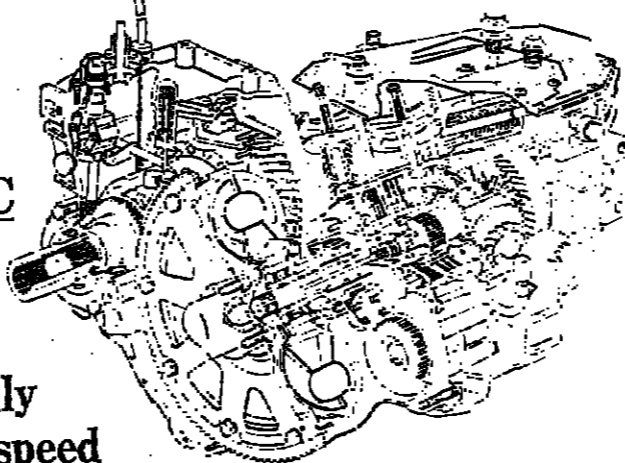
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## OVERSEAS

Soviet hears  
eakest economic  
recast since the war

Michael Binyon

Nov 28

Delegates who assembled all parts of the Soviet today heard one of the economic forecasts for the country since the Second World War. It came hard on heels of a tough speech by President Brezhnev describing this year's as far from satisfactory.

Presented by Mr. B. B. Brikhnev, chairman of the State Planning Committee, the opening session of the new Soviet Parliament, the Soviet Union's highest legislative body, began in the current five-year period that targets for next output in a number of sectors of industry have been set down considerably below those of the previous five-year plan. The figures also showed that the grain harvest was set for four years. Only 11 million tonnes of grain were harvested compared with the record of 237 million in 1978.

Drop caused by a severe and a spring drought in parts of the country will be this year's poor results as agriculture up about a fifth of the national product. The is will have to spend a hard currency on in-grain imports from

Aleksei Kosygin, the Prime Minister who has responsibility for the country, was absent from the session. The Soviet session is 75 and has not been for a number of years. It is a record of the country's economic performance, and officials say he is recovering from an illness.

Nikolai Tikhonov, his deputy Prime Minister, yesterday made a full

member of the ruling 14-man Politburo and today sat immediately behind President Brezhnev in the rows reserved on the platform for the Soviet leadership.

Today's figures show that the Soviet Union's overall growth this year will be only about 3.6 per cent compared with the target of 5.7 per cent set by Mr. Brikhnev last year.

Last night, Mr. Brikhnev told the members of the Communist Party's powerful Central Committee that 1979 had been the most difficult of the current five-year plan.

He said the country was running short of energy, railway transport was in chaos, not enough metal was being produced, meat and milk were scarce, food was poor and such common consumer items as toothpaste, washing powder, needles and thread and baby nappies were hard to find.

Mr. Brikhnev said far too little was being done to raise industrial efficiency and the quality of work, and this had led to bottlenecks and shortages. Vast funds had been invested and the labour force had been increased, but the result was less than it should have been, and less than the country's potential allowed. As a result, the economy was suffering from imbalances, shortages and insufficient reserves.

The Soviet leader, often using hard-hitting language, said a great many ministries and enterprises were unable to overcome the force of inertia. And he blamed several ministers by name, including the Minister of Heavy Industry and the Minister of Power, for disorganization, poor results and shortcomings that affected the rest of industry.

Pentagon  
ready  
to punish  
Iran

From Patrick Brogan

Washington, Nov 28

The high holy days of the Shia sect of Islam are tomorrow and Friday and it is expected that the followers of the Ayatollah Khomeini will use the occasion for further dramatic demonstrations in Iran against the Americans.

On Sunday Iran will hold a referendum on the new Islamic constitution. When these events are safely over and the Shah is back in Mexico, it is hoped the hostages will be released.

According to observers here, there is one other clear-cut possible outcome to events. Some or all of the hostages may be murdered—either lynched by the mob in the American Embassy in Tehran or dispatched after a "trial" by the mullahs. If that happens, there will be an immediate and violent American reaction.

In either event, President Carter will act immediately, and presumably the terms of the actions are already decided. Another hypothesis is that the Shah will return to Mexico and the hostages will be kept imprisoned indefinitely.

However much the long-term national interest may decree that the United States should wait patiently on events, for fear that complete chaos would bring the Russians to the Gulf, a massacre of the hostages in Tehran would bring instant and violent retaliation.

A formidable American fleet is being assembled in the Arabian Sea, off the coast of Oman. Its most powerful unit, the aircraft carrier Kitty Hawk, has not arrived yet. Ten ships, including the aircraft carrier Midway, are already in the Persian Gulf. The Kitty Hawk is accompanied by a cruiser, two destroyers and a frigate.

There are two, equally compelling reasons for the conclusion that this force would be used against Iran if the hostages were killed. The first is America's position in the world: What value would anyone put on an alliance with the United States if it did not respond to a direct attack on itself?

The Americans no longer want to play the role of world policeman, but they have great interests abroad and they must be protected.

The second reason is domestic. There has been a change in American opinion. The isolationist, non-interventionist, left-wing tide, which reached its heights in the riots after the American invasion of Kampuchea, is running out rapidly.

This does not mean that the American people would be happy to occupy Iran. But at the very least they would demand the use of the United States Air Force in retaliation for any murder of the hostages. If military action is taken, there is no shortage of targets. The Ayatollah would be wise to remove himself to a place of safety.

One reason being discussed here for a less drastic reaction—destruction of the Abadan refinery, for example—is that the West's long-term hope for Iran must be the establishment of a moderate government (that is, one responsible and anti-Communist) which will have to depend on the armed forces for internal security.

There is little left of the Shah's proud armies, but it would not help the West's future position if the United States destroys whatever remains. Many soldiers have joined in the anti-American demonstrations, but the links between the Iranian armed forces and the United States were strong.

Minister ousted: The ruling Revolutionary Council in Tehran today appointed the director of state television and radio, Mr. Sadeq Ghotbzadeh, as Foreign Minister, replacing Mr. Abolhasan Bani-Sadr. Pars news agency reported.

American hostages held at the embassy here are still in walks in the compounds every day, take baths at least twice a week, and eat better than their captors, a leader of the students occupying the mission said.

Iranians plan to auction off carpets, furniture and other treasures that the imperial family were forced to leave behind them

## The Shah's palace yields up its gilded secrets

From Robert Fisk

Tehran, Nov 28

If Richard III really did offer his kingdom for a horse, then the Shah of Iran seems to have paid for his freedom with a clutch of palaces, a heap of priceless Persian carpets, a Marc Chagall sketch, a 22-carat gold seventeenth-century model of a Chinese slave-ship, a two-storey library, a set of pianos that would send music college into ecstasy, and two solid gold telephones.

Standing beneath the silver birches on the windy lawn of the Niyazan Palace today, an Iranian Government official made one of the more historic sales of the century sound like nothing but a momentary hiccup in the progress of the revolution—which is, perhaps, just what it will turn out to be.

"We will put the contents up for auction," he said. "Then the palaces will be turned into museums."

We were left to watch a turbaned mullah and two men armed with G3 automatic rifles as they pulled and tugged a 30ft square, hand-woven, crimson and gold Isfahan rug across the inlaid wooden floor of the Shah's drawing room.

Oriental processes, plumed birds and exotic beasts of prey were tangled through the baroque embroideries and each carpet was neatly tagged with an inventory number: proof that, while the revolution may have its ups and downs, Iran's new rulers have a head for efficiency. In the past few weeks, the Shah's smaller carpets are already said to have raised £12m.

One has to say at once that the Shah had the most dreadful taste in furniture. French baroque chairs nestle against glass-and-steel tables, while the most grotesque urns—mutilated by some silversmith's black magic into ugly peashaws—sit upon desks of delicately-carved and mosaic-encrusted wood. Walls of cut glass with a powdering of dust, upon them suggest a British cinema of the 1930s.

This is how the Shah and his wife left their palace in January when they set off for "a holiday" and exile in their personal Boeing 707.

Fate does not usually vouchsafe to ordinary folk the right to roam round a Shah's gilded palace, although strange things happen when mere mortals are let loose among such opulence. When the international press corps was gingerly invited into what Mr. Abdul Hassan Sadegh of the Iranian Ministry of National Guidance, referred to with exaggerated irony as "the Shah's slum", there were



A bronze bust of the Shah, still over his palace library

scenes befitting the Goth's descent on Rome. We tripped over piles of carpets and surged into the great library to discover what the Shah read in his spare time. There were leather-bound volumes of Voltaire, Verlaine, Flaubert, Plutarch, Shakespeare and Charles de Gaulle. The entire works of Winston Churchill rested against "The Rime of the Ancient Mariner" and biographies of Mahatma Gandhi.

My People by Abba Eban,

Salisbury  
delegation  
threatens  
walk-out

New threats that the Salisbury Government team may walk out of the Rhodesia conference in London were made yesterday as Patriotic Front guerrilla leaders continued their talks with Britain.

One Salisbury Government delegation source said they were angry that Britain appeared to have launched into what could be a long round of detailed negotiations with the Patriotic Front about ceasefire arrangements after agreement had already been reached with Salisbury.

Deputy Premier who leads the delegation after Bishop Abel Muzorewa's return to Rhodesia, wanted a meeting with Lord Carrington, the Foreign Secretary. "We want to make it clear that if there is much more delay we shall all go home," the source said. A British spokesman said nothing was known of any suggested meeting with Dr. Muzorewa.

Observers were inclined to regard talk of a walk-out as merely a repeat of several similar threats made in the early stages of the conference to put pressure on the other side.

Mr. Nicholas Fenn, the conference spokesman, made it clear on Tuesday that the British were on guard against the talks with the Patriotic Front turning into a deliberate delaying exercise.

Lord Carrington was dealing with another important aspect of the Rhodesia problem yesterday when he saw Mr. Botha, the South African Foreign Minister, who stopped off on his way to Germany.

The question of South African military involvement in Rhodesia was sure to have been raised, particularly in the light of Patriotic Front fears that South Africa might invade if the guerrillas' party won the new elections.

When Mr. Botha arrived at Heathrow airport he issued a warning that further delays in reaching a settlement would lead to an even greater escalation of violence in the region.

Albania's Stalinist rulers  
wooded by 'Pravda'

Our Own Correspondent

Nov 28

Unusually conciliatory marking the thirty-fifth anniversary of the liberation from the Nazis, *Pravda* suggested that Moscow like to normalize its relations with Albania and did not want to divide the two.

Russians had always had difficulties in Albanian relations as the Communist Party said, and these now be overcome in the interests of all anti-imperialist forces.

Albania broke off relations with the Soviet Union 18 years ago, the Soviet leadership onism and interference in its internal affairs, then forged a close alliance with China, which was two years ago when a turn was condemned.

For revisionism. The anathema on Moscow, however, has never been lifted.

*Pravda* reminded the Albanians that the Russians had long given them "disinterested, often gratuitous aid" which had helped them to carry out thorough-going transformations in all fields of life.

There is no doubt that Soviet-Albanian friendship and cooperation met the vital interests of the peoples of the two countries, *Pravda* added.

The Russians have been trying since 1964 to woo the Stalinist regime in Tirana without success. Albania is not a member of the Warsaw Pact, and its position on the Adriatic could make the small country of great strategic importance. Now that the links with China have been cut, the Russians believe they should seize the initiative before Albania's tentative openings to the West bear fruit.

Official attacks augur ill for  
China's democracy wall

Nov 28.—The future of "democracy wall" leak today after a harsh in the year-old forum by members of the People's Congress, equivalent of parliament.

Members of deputies pro- "resolute measures" to deal with Xidan the New China news said in a report on the meeting of the Commanding committee. It says whether any decision the wall had been 200-yard stretch of brick along Peking's Boulevard was first "democracy wall" last been the authorities tearing down posters incited the state, and a focus of dissent, won to the Chinese as he name of a street.

est attacks on the wall

came after last month's trial of Wei Jingsheng, a political activist, who was jailed for 15 years on charges of passing military secrets to a foreigner and of counter-revolutionary agitation. The attacks seemed to have been touched off by the recent republication in *Reference News*, a daily newspaper with a circulation of about 10 million and distributed to high-ranking officials, of a story in an American newspaper that spoke of collusion between the activists and foreigners.

The unofficial transcript of Mr. Wei's trial, on the wall for the past few weeks, also speaks of his relations with foreigners. The news agency today quoted Mr. Zhang Wenyu, a deputy, as telling the standing committee that there should be severe punishment for opponents of the Communist system "who collude with foreigners and ask the mof money and political materials to carry out activities against the socialist system."

Tension and fear continue  
in the Seychelles

By Our Foreign Staff

Two weeks after the quashing of what President Albert Rene of the Seychelles said was an attempted coup, the islands are still tense. The President's Tanzanian troops check vehicles and their occupants at frequent intervals and many of those arrested are detained without charge.

The plot was attributed to "foreign businessmen wanting to make Mahé into a gambling and arms dealing centre". It was also alleged that there was a group of mercenaries waiting in Durbani to be flown in to support the usurpers. However, some prominent local people were arrested as well as foreigners.

Among those still held are Mr. Bernard Verlaque, the editor of *Weekend Life*, a newspaper closed down by the Government two weeks before the attempted coup, and Mr. Gerard Hozrau, the chief immigration officer. About 100 people are thought to be still in jail though the official figure is "over 80".

A curfew introduced on the day of the coup, which ran from 6 a.m. to 6 p.m., has been relaxed and starts now at midnight. Even with that change, the tourist industry is being affected as reports spread of a population apprehensive of the future.

Ordinary citizens are afraid

to speak freely on the telephone and the appearance of a Soviet warship offshore during the past week has done nothing to calm their fears.

The allegations of a coup attempt came a few weeks of unrest touched off by President Rene's plan for a national youth service. An order was issued through the schools that young people, aged 15, of both sexes, should do a year's national service. Soon afterwards more than 3,000 children stormed through Victoria, the capital, to the State House to protest to the President.

The following day they returned in hordes and this time the shaven President relented. The uprising was quelled but not before some of the President's supporters had attacked the ringleaders.

In 1978 Mr. Rene announced that he had averted a planned coup and about 20 people were arrested. Most were released after 10 weeks and all but four of them were expelled from the Seychelles, according to reports at the time.

Despite the reported coup attempt, there appears to be little threat to the President who has had strong, and highly visible support, from the Tanzanians since he was brought to power in the coup of 1977 which ousted Mr. James Mancham.

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## THE ARTS

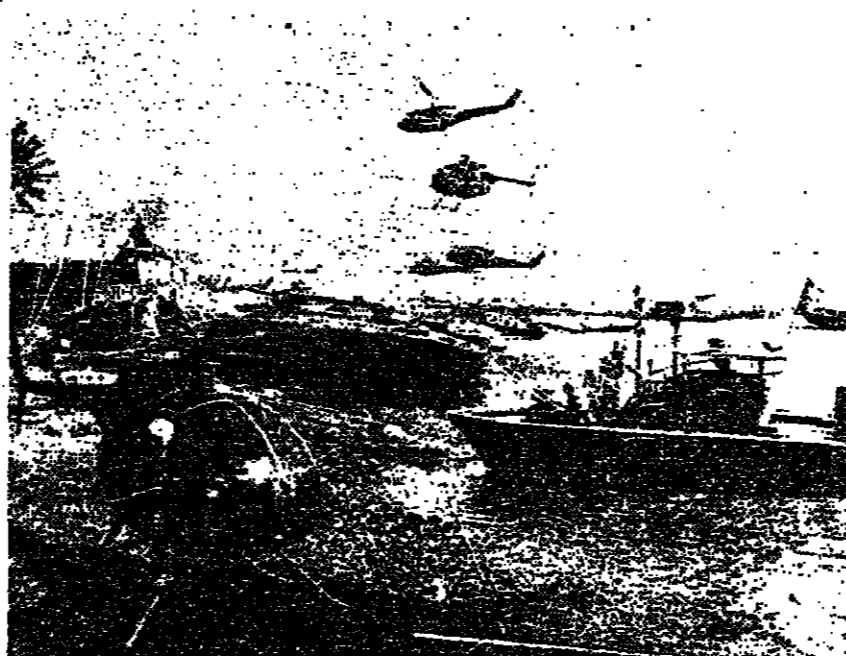
## Coppola's vision of a cinematic apocalypse

The day I flew into San Francisco to talk to Coppola he had just concluded a deal to buy the biggest studio in Hollywood. The eager film buff had become a mogul; the man, just turned 40, who had been bankrupted, discarded and treated as a hack was on his way to become one of the American success stories of the late twentieth century; *Godfather Part II*, and, it is projected, *Apocalypse Now* (which opens in London on December 18), will be among the highest grossing movies of all time.

All of them commanded serious and controversial critical attention. And Coppola had made them against the policies of the big corporations, with subjects either predictable or unthinkable or, some thought, amoral and—the breaking of the ultimate rule and taboo—with his own money: or rather mortgage. He pumps new blood into the cliché of the “land of opportunity”. Yet, within an hour of so of having concluded the deal which lands him on top of the celluloid heap, he jumped into a plane and headed out of the film capital, back home to San Francisco, perfectly happy to sit and talk half the night about all aspects of the movies.

He is well equipped to do so. He was the first film student from UCLA to get a director's ticket and at an absurdly young age; his screenplay for *Paper Moon* won him an Oscar; he has produced several of his own films and those of his friends and helped with the music; and the whole technology of the enterprise fascinates him. He can discuss, with experience and some authority, the latest sound-deck, the films of his favourite directors, the organization of worldwide distributors to finance a project and the detail of business on a set with actors. It is no wonder that he has always been the head of a pack. Little wonder, either, that the comprehensive range of talents regularly invokes the rather breathless reaction typified by what I have written so far.

We met in his office in downtown San Francisco, away from the hills and acres of those handsome Hamstead/Chelsea houses which the local inhabitants reverse in conversation and emblem annually in fresh paint. Coppola's block is a Victorian triangle of green brick nudging Chinatown. His own pad, at the top, is a copy of the stationery of the Kings of the Mountains, ladders and all. The floors below are stripped for action—storyboards, schedules and daily appointments clipped to the wall—and stashed with the latest machines for viewing,

Francis Coppola (right) and a scene from *Apocalypse Now* of an assault on a Viet-Cong village

dubbing, mixing and manufacturing films. *Apocalypse Now* has an enormously complicated quinquaphonic soundtrack and it was put together in the office.

Coppola himself is Castro-bearded and restless. There is still something of the enthusiastic schoolboy egotist about him—he wanted to be a physicist when he was young and his love and knowledge of machines is evident everywhere in his films. *The Conversation* in effect starts a tape-recording system. But there is also this drive of energy which releases itself in assertions about what he will do. It was that which drew the others up to San Francisco in the mid-sixties.

There, in the middle of the hippy kingdom of Cockayne, Coppola set up shop on nothing at all and other students from UCLA came to join him in his dream, which was to construct a bohemian way of life. He wanted to get together a bunch of men with the same ideals and make small personal movies well away from the clutches and indifference of Hollywood. It was a gentle sixties flower-power dream. The young men came: the tentative uncommercial early films were made, and then by some sort of alchemy which always heads back to Coppola these same idealistic cineasts turned out *Jaws*, *Close Encounters*, *Star Wars*, *American Graffiti*, *Taxi Driver* and *The Godfather*, soaring above Hollywood and reaching a wide public. Success split the group but Coppola dug into San Francisco and another group has been brought into existence. This time firmly inside that green triangular office.

*Apocalypse Now* came out of the original group. John Milius met a number of Vietnam veterans in the late sixties. Their stories of the cowboy antics and drug trips, of play boy lunacies and private fantasies operating in the South-East Asia conflict were so unbelievable that Coppola asked Milius to write about it—for George Lucas to direct. It landed up as a Coppola property 10 years later, and he put together a deal outside Hollywood, which at that time assured him that films about Vietnam were unacceptable, and, much worse, uncommercial. But the film had become an obsession, and for this personal vision of war, which turned out to be one of the most expensive films ever made, Coppola took up his profits from *The Godfather*, his home and his outfit and mortgaged himself ball and chain.

The combat sequences—which took months and months to shoot—are quite extraordinarily authentic. Coppola's insistence on realism down to the last item has never been as well rewarded. The other main strand of the film—the journey based on Conrad's *Heart of Darkness*, has provided most of the controversy and confusion. Add to that the moral questions raised by the Vietnam issue—and, some say, ducked by Coppola—multiply it by the increasingly perilous financing of the film which tottered up the millions until it became like a leaning tower of Pisa, and it becomes more understandable that Coppola should, as he did, use the world's best film festival, at Cannes, to give the film an out of town showing and then invite the critics to give him

their help on how to finish it. He defends himself passionately on the political stance of the film. Similarly his defence of the “glamorizing” charges raised about *The Godfather* calls out the mixture of astute commercialism and common-sense view of films and film history as well as exasperation.

“Motion pictures of the last 20 years have done more further in glorifying violence than *The Godfather* did. I'm shocked at the way a lot of so-called intellectuals look at a movie with their idea of how a movie should be, of that subject matter rather than look at what the movie is.” The political morality of *Apocalypse Now* is understandably controversial, however, and will no doubt stir up consciences and columnists when it opens here in a fortnight.

Where he relaxed most was where he could go most into detail—talking about his decision to make the characters and so the actors in the film submit to the overall drama, for example, imposing a held-out and subdued style on them; fitting them into genre film casting while asking them to take part in the personal drama this film became.

We talked about *The Rain People* which he made on the roof-piling the whole crew into two or three vans and shooting it as they motored across America: that, too, came out of a direct personal drama. And his visions of a global electronic future for the industry: “Once cinema becomes all electronic then you're not dealing with a movement on a piece of celluloid—you're dealing with pure energy that can be transmitted through the world instan-

taneously...” Again he puts his career where his mind is: his next film will be shot and edited electronically.

He is full of well-worked out rules for himself: “The writer is the key figure.” “The way films traditionally reach a large amount of people is to be a very particular genre film done well.” “Basically the way I work on films—it's talent casting.” Once you get an actor on his track, the director is purely his eyes. Alexander Korda is his current hero.

I left, and the bug buttons opened the gold-looking lift-doors. Coppola, his son and his producer were still pottering around a drawing board like men in a laboratory fussing over a delicate experiment.

It is tempting to end with a story he told about his father—a flautist. When he was a young man he was playing and Prokofiev was conducting and Coppola's father asked him why he had written the flute part in such high register whereas it would have been easy on the piccolo. Prokofiev said: “Because I want you to strain for it.” Coppola approves that story. His father has just composed the music for *Apocalypse Now*. And, another thing about Coppola senior, just as important: “He was always buying and selling houses. I never stayed any place more than a few months. I never had a group of friends. Dad was a wheeler-dealer as well as being a musician.” Say no more.

Melvyn Bragg

Coppola on *The South Bank Show* (LWT) next Sunday at 10.30 pm.

## The ethic of work

Irma La Douce  
Shaftesbury

Ned Chaillet

Irma La Douce, when you get down to it, is simply a easy ethic. Irma's work is a bit more demanding than some, and she apparently gives it her full attention, but when she falls in love in the first scene with the naive law student who gallantly protects her from her own protector by waving his law book, her “bourgeois” emotion momentarily interrupts her career.

The girl has principles, however, and because “you can't live if you don't work”, she stops indulging in pleasure and returns to dealing in it, supporting her law student with her earnings. Reluctant to take her work away from her, and jealous of the clients filling out plan to keep her content. He impersonates a client who will pay her 10,000 francs a day for her exclusive services and pays her by recycling the money that she gives him every evening.

It gets wearing, particularly when he has to take a job as a floor polisher simply to pay the bar bill that comes from his new reputation as the best muck in Paris. When Irma's affections begin to move from Nestor-Frèpe to his kindly impersonation, Oscar, Nestor takes the drastic step of apparently killing Oscar. That puts him on to Devil's Island, from which he will escape, and it should come as no surprise that it will be the tax collector who finally brings the solid citizen into contact of murder.

What comes as a surprise to me is how flimsy the whole thing appears. In what should have been my formative years I saw Peter Brook's original production of the musical and it is neither that nor Elizabeth Seal's performance that I remember but the later non-musical film.

Marguerite Monnot's music does not, for instance, cry out to be whistled. It does, from time to time, allow dancers to kick their legs high. The book and lyrics by Julian More, David Heneker and Monty Norman do not stick in the memory. They do occasionally slip in the gutter, as in the last song, “Christmas Child”, devotedly sung as a hymn to Irma's baby, but depending for its success on quite another child's nativity.

The whole thing seems to have been mounted as a tribute to the legs of Helen Gelzer who first showed them in London in *Bubbling Brown Sugar*. She also brings in the pastiche of the part, rich in the lower registers, but though she is the only woman in the cast of 17, hers is not the most demanding role. That belongs rather to Charles Dances in the double act of Nestor and Oscar and his best moment comes when he is alone, arguing between his two selves.

Philharmonia/Rattle  
Festival Hall

Paul Griffiths

To hear Tchaikovsky's first piano concerto is necessarily to be amazed that it could ever have been dismissed by Nikolay Rubinstein as unplayable. But to hear it as played as it was on Tuesday, by the Bulgarian pianist Juliana Markova, is almost to be persuaded that it is too easy. One expects some sense of momentous strain and effort in the passages creating octaves, one expects the soloist to be at least a little weary by the battle royal. Miss Markova, however, triumphed so easily that she lost for herself some of the glories of triumph, bouncing up the keyboard at the end as if the whole thing had been child's play.

Yet this was not the outstanding performance it could have been, largely because Miss Markova was preoccupied with her own part to the exclusion of listening to what the orchestra, the Philharmonia under Simon Rattle, was up to. Time and again, she failed to pick up interesting ideas. When Mr Rattle played the second subject of the finale with a little rhythmic difference, she ignored his suggestion, and the effect was not of stimulating contrast, but merely of lack of communication.

Strangely, this worked quite well in the slow movement, where Miss Markova's soft tones were as a night landscape lit by the more brilliant woodwind, and where the faster, central section found her rhythm quite as alert and characterful as that of the orchestra.

The concerto was framed by opposing French works, Fauré's *Dolly Suite* and Berlioz's *Symphonie Fantastique*. Mr Rattle, however, almost made of Fauré a preparation for Tchaikovsky, with such exaggerations of expressive detail that the “Tendresse” movement became full-blooded “Amour”. This was a little disconcerting at first, but then it came to seem that these adult emotions, gruffed on to the music, were being purified in a child's understanding.

In the Berlioz, of course, Mr Rattle's expressiveness and his keen edge did nothing but good. The entire work was made a tense, desperately alive chart of feeling, almost an orchestral recitation, with pleading strings to be answered by imposing, magisterial brass, by sonorous percussion or else by a very human woodwind ensemble.

The reviews on this page are reprinted from yesterday's later editions

## Elder replaced by Friend

As a result of the appointment of Mark Elder as music director of the English National Opera, he has had to withdraw from conducting a tour by the Nash Ensemble as part of the Contemporary Music Network. His place will be taken by a colleague from ENO, Lionel Friend. The tour, with works by Ravel, Maurice Delage, Gordon Crosse and Boulez, will visit Bristol on January 17, and then Birmingham, Hull, Billingham, York, Liverpool, Rosehill, Carlisle, Leeds and the Queen Elizabeth Hall, London.

## Rambert turns to Maxwell Davies

A new work by Richard Alston, using two pieces of music by Peter Maxwell Davies, *Hymns and Steadman Dances*, will be presented as part of the winter tour by Ballet Rambert, which opens in Manchester on January 21. Other works in the programme for the tour include a revival of Glen Tetley's *Rag Dances*, which was originally created for the company in 1971, and Tetley's new ballet, *The Tempest*. The company will visit Manchester, Leicester, Stratford-upon-Avon and York.

## New plays at Royal Exchange

The 1980 spring-summer season at the Royal Exchange Theatre, Manchester, starts on January 17 with a comedy by Marcel Achard, *Rolls*, starring Leo McKern. From February 28 to April 12 the company will present the premiere of Ronald Harwood's play *The Dresser*, with McKern and Tom Courtenay. Gerard McArthur's *Blood Black and Gold* will receive its premiere on April 21.

## Croydon Beggars

John Gay's *The Beggars Opera* will be seen at the Ashcroft Theatre, Croydon, from December 3 to 8, with Edward Woodward and Michele Dotrice in leading roles.

## ALEC McCOWEN

“PERFORMANCE OF BRILLIANCE”

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Christmas entertainment afloat—Niels Kehlet in *Far From Denmark*

## Why Bournonville is far from forgotten

Copenhagen, Nov 28

The irony of it. When the Danish choreographer August Bournonville died a century ago, he felt regrets that he had never received the international acclaim of his friend Hans Christian Andersen and even gloomily doubted whether his ballets would be long remembered in his native Copenhagen. Now this week the Royal Danish Ballet is staging a Bournonville Festival, and representatives from all over the dance world have come to pay homage. There are Galina Ulanova from Russia, Yvette Chauvire and Serge Lifar from France, Robert Joffrey from the United States, Christopher Bruce from England, and critics and dance scholars—more than 70 of them—from everywhere.

All the major American critics are in attendance, most of the British, a lot of the French and German, all the Scandinavian and a surprising number from Eastern Europe.

There are lectures, film shows, lecture-demonstrations, class visits, a most remarkable Bournonville exhibition (probably the most striking dance exhibition since Richard Buckle's *Diaghilev* of 25 years ago) and of course, the festival itself, nine Bournonville ballets in six performances. This is generally regarded as the entire Bournonville canon, although never or two other works or excerpts might one day be put together. The festival was to have ended with Flemming

Flindt's version of *The Toreador*, but this idea was abandoned because the choreography had no pretensions to authenticity, and despite the many and varied interpretations of pure dance, the story, always of a romantic nature and moral tone, is told in intricate, largely-naturalistic mime, with atmosphere and presence being all. The first of these, and the sternest test of all, *Far From Denmark*, came on Saturday, followed on Monday by the full-length *Napoli*.

*Far From Denmark*, which I have loved for a quarter of a century, has never been seen outside Denmark, and provides a formidable culture shock for non-Danish audiences. In the first act virtually no one dances at all—it is an extraordinarily preserved example of the old balletic power of the old ballet. The story, as Danish as *Troilo*, concerns a young naval lieutenant on board a Danish frigate moored off the coast of Argentina, and his flirtation with an Argentinian senorita that almost, but never quite, causes him to forget his Danish fiancée waiting at home.

After a first act that is simply scene-setting comes a second which briefly resolves the question of the hero's fidelity, and then moves into a lengthy divertissement—the sailors are celebrating Christmas on board—chiefly consisting of comically-mock national dances, ranging from Eskimo, to Chinese, to American Indian. It is amusing, outrageous and,

for people out of tune with both Bournonville and Denmark, doubtless puzzling. Yet it is the archetypal Bournonville ballet and was handsomely given with a cast led by Tamara Frishol as the noble lieutenant (unable, however, to erase memories of Mr Kronstam from the role). Linda Hindberg as the beautiful senorita Johanna Eliassen as her flashing and fleshy Argentinian suitor and Niels Kehlet again as the Chinese.

The celebrated pas de six in *Napoli*, where the solos are, in fact, not by Bournonville but by his final pupil Hans Beck, is given with a cast led by Tamara Frishol as the noble lieutenant (unable, however, to erase memories of Mr Kronstam from the role). Linda Hindberg as the beautiful senorita Johanna Eliassen as her flashing and fleshy Argentinian suitor and Niels Kehlet again as the Chinese.

The Danish Ballet has an unbroken tradition of character dancers and mimes, and to this day they are matchless. To see mimes of the quality of Niels Bjørn Larsen and Fredbjørn Bjørnsen is to be made gloriously aware of this great art of dance, acting to music. The *Napoli* production, staged by Kirsten Ralov, has attractive designs by Søren Frandsen but lacks something in atmosphere. It may simply be that the principals, Eva Kloborg and Arne Villumsen, whilst splendidly exuberant dancers, are no match in passion for the former likes of Margarethe Schønne and Borge Ralov.

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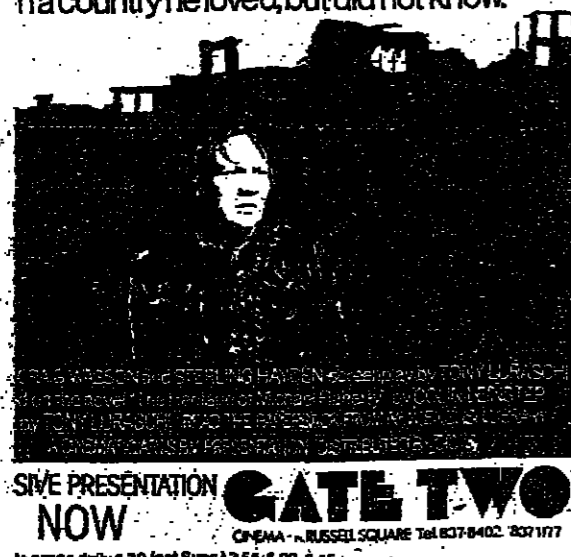
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Clive Barnes

## THE OUTSIDER

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## New Books/two

## alf a marriage

by David Williams

My Leading Lady by Harvey Pitcher (Murray, £8.50)

were invited to read Shakespeare and Anne both in one book how would you like to read to the lady, who is 67 as opposed to her 52 years? There is a wait for an answer. But the same questionist nudges us as through Harvey Pitcher's readable book. It was to course, that he plays us. Chekhov's Leading Lady, his title, so it's right, as should hold the stage—did it she does for a very me, because she lived ninety-first year of her divided for 55 years after whom she knew for from 1898 and was to for only just over.

She survived Stalin, underlines her talent for servation, and lived on a Khrushchevian thaw, a 1959.

he same, it's Chekhov are really interested in this, and I believe, a man as well—something. Mr. Pitcher's description of Chekhov's hesitant to marriage and leading pursuit of it is ne on Olga's side. Chekhov would have preferred to sleep with her now n when she could spare f from the Moscow Art to come to his invalid hideout in this sprang not from any ice on Chekhov's part to a honest woman of her, uply from his certain lge that he was by 1898, f man, Chekhov was in medicine, and indeed d as a doctor for much ife; he didn't want to in burden of long-drawn- pless nursing on a healthy young woman.

HING UP

## Crime

lazed with pleasure over I have just put down, I en about to call it "a story I will remember oaks come by electric " and then I have amonished by a tiny ying "Yes, but how do w?"

however, I can call in id. So I have taken the es of the dozen books I have treated at length. e asked myself "What remember about them

arly January I read Test by Sara George (lan, £3.95). And, yes, I still have a strong n of a long trans- i journey, a gritty feel- driving for hundreds of long straight freeways steady sun. There was no. It featured a young actress. But of it I can- nothing more. For some- er, it held me while I d from the book I got and vivid impression of America.

My February choice, e Me About England by Ferris (Weidenfeld, £4.95). I retain an strong impression of Britain. Though in aridity there is a feel- drab perdition. Perhaps not the whole truth, but truth I am sure. Some



Olga Knipper didn't understand this. She wasn't stupid, but she wasn't subtle either. "How much longer are we going to be secretive?" she writes to him from Moscow in 1900. "And what's the point? ... I can't bear these ambiguities, why complicate life so?" ... Chekhov, I believe, would have smiled a sad smile

when he received this one. Olga was a steamroller lady of German descent. Best perhaps to marry her, and not try to explain. Mr. Pitcher fails to bring out with sufficient emphasis what I take to be Chekhov's stance at this point in their relationship. So they were married. But even then, it wasn't more than

half a marriage. Chekhov—and indeed Olga too—felt it right that her career with Stanislavsky in Moscow should not suffer interruption. It was dangerous for Chekhov, with his tuberculosis, to risk the excitement and climatic rigours of Moscow for more than brief periods; Olga could come down to Yalta only when there was relief. Those three years Mr. Pitcher sketches in with an eye for the right details: the busy, not notably sensitive lady and the struck-down genius wave at each other in the friendliest way across the vast Russian distances. Chekhov's ugly, choking death on a hot summer night in Badenweiler is also put before us with a sympathy and a restraint which make it the more horrifying.

But then come a hundred pages of aftermath. Olga's acting range wasn't wide. Naturally and rightly she occupies herself in the main with the great Chekhovian quartet; apart from that, four lesser parts in Dostoevsky's adaptation, the Mayor's wife in Gogol's *Government Inspector*, Lady Markby in *The Ideal Husband* (surprisingly), but not much beside. There was a brief affair with Gordon Craig, who was notably expert at brief affairs with women both in and outside his age-range; there was a busy tour of America in 1923 when she had the awe-inspiring experience of shaking hands with President Coolidge; there was, discreet, but never dedicated, acceptance of the Soviet regime; there was staunch endurance in German-occupied Yalta during the war, and then, in 1958, moving nineteenth birthday celebrations on the Moscow Art Theatre's stage. None of this is more than agreeable chit-chat; the mind keeps drifting sadly back to Anton Pavlovich: what use would he have made of all the years denied him?

have written at length about The Better Angels by Charles McCarthy (Duckworth, £3.95), one of the best of the new, and the form it takes out to be used to ponder an acute moral problem. Here it was, logic traces back, the dilemma of a United States President forced to order an assassination.

From August Helping With Inquiries by Celia Dale (Macmillan, £4.95) was a murder mystery set with splendid accuracy in a mean London suburb, and it is a mark of the book that the shapely impression it left was not of its murderer, or even of its victim but of the couple next door.

September was ushered in by another comparative blank, *Victims of Circumstance* by Michael Underhill (Macmillan, £4.95). Yet I praised the book strongly at the time of its publication and I would not wish to withdraw a word. It told of a criminal trial with a wealth of human detail that made it stand out from the generality of its kind. "And now, I feel my long-bearded colleague's discriminating scythe growing blunter. So perhaps in 12 months' time I shall remember less than I do now." In Mr. Clarke, though, has still not found his way back to the characterization of his best work, and Ayn Rand seems a dubious source of inspiration for him.

H. R. F. Keating

## Science fiction

A tourniquet may have been applied, but that artery of literature known as science fiction was still connected to this reviewer's appreciation, pumping away throughout the year. The SF heart is still as vigorous as ever, like an organ in one of Robert Silverberg's stories which now seem to have a repetitive insistence on matter and/or mind exchange. In fact, he came up with one of his best novels towards the end of the year, *The Second Trip* (Gollancz, £4.95) in which personality-exchange is society's way with dangerous criminals.

A related paradox was that, earlier, was published his *Next Stop The Stars* (Dobson, £4.25), a group of Silverberg's short stories, some of them written when he was at college, and which he claims were "the last of them" written. Not bad, agreed, and of a variety all the more enjoyable since they were written before his work had solidified, however entertainingly, into his transcendental theme. The themes of Brian Aldiss have always been as multiple and occasionally as enigmatic, as the blooms that

flowered in his horticulture; and New Arrivals, *Old Encounters* (Cape, £4.50) was a rich reaping from his imagination's own hot-house, ranging from the exquisite "Amen And Out" to a tale about a time when the EEC might not have been pronounced "Eek" in "A Spot of Konfrontation".

I did not have the opportunity to comment on Arthur C. Clarke's *The Fontaines of Paradise* (Gollancz, £4.95) in which an engineer, Vancouver Morgan, builds a space station in the sky on a site enshrined by Oriental religions. It made for fascinating, wry, reading especially when out-of-spacers moved in. Mr. Clarke, though, has still not found his way back to the characterization of his best work, and Ayn Rand seems a dubious source of inspiration for him.

The characterization of Ursula Le Guin always gives shape and dimension to the most abstract of her ideas. *Planet of Excellence* (Gollancz, £3.50), one of her first novels only now published, is a startling, tender appreciation of the mutual need of the sexes in one of her worlds, assembled so credibly this time Gamma Draconis. Earth itself is seen as an alien place to the interplanetary engineer Ivan Zhilin in *The Final Circle of Paradise* (Dobson, £4.25) by Arkadi and Boris Strugatski. Soviet siblings in SF, Zhilin, after an absence in space, is made aware that there are strange forces surging beneath normality, an oppressive sense of being "managed". Electronics is the answer. Man is the only solution. The brothers get better.

Tom Hutchinson

## The king of editors and the people he likes best



In October, 1955, Rupert Hart-Davis, 48, a publisher and author of a highly regarded biography of Hugh Walpole, wrote to George Lyttelton, a retired Eton schoolmaster:

If I had no family (bless them) or other ties and responsibilities I should chuck publishing tomorrow and live in a two-roomed cottage in the Yorkshire Dales relying for my livelihood on freelance literary work. I know exactly how little can be earned in this way, but I have few expensive tastes (only books really). I could read all the great books which now I have only skimmed or forgotten or never read, and then I'd write you letters indeed!

Wishful thinking this may have been, but the miracle (and it is the word Sir Rupert uses) was achieved in a decade. He sold his publishing business, moved to Yorkshire (to the Old Rectory at Marske-by-the-Sea) and began to pursue that freelance literary life that has this year reached an apogee with the publication of no fewer than four books.

Not that quantity itself is a virtue, but his books themselves bear testimony to the special niche that Sir Rupert, now 72, has carved for himself—as an editor, particularly of letters (Oscar Wilde, Max Beerbohm, George Moore), but also of essays and untruly scriptural (The Autobiography of Arthur Ransome had originally been typed by the author on a defective machine with words running off the end of every line) and diaries (he is at present at work on Siegfried Sassoon's).

This year's crop opened with the *Selected Letters of Oscar Wilde* (Oxford, hardback, £6.95 and paperback, £2.95), particularly welcome as the original, complete edition had long been out of print, and has continued this autumn with the second volume of the much-praised *Lyttelton Hart-Davis Letters* (John Murray, £8.95), the correspondence between the novelist R. C. Hutchinson and the poet Martyn Skinner which he edited under the title *Two Men of Letters* (Michael Joseph, £7.95)—and most important to him, *The Arms of Time* (Hamish Hamilton, £8.95), a moving memoir of the short and tragic life of his mother, the elder sister of Duff Cooper. The book, he says, he planned for 50 years

and wrote in five. One dominant theme apparent in all his work is that Rupert Hart-Davis likes the people he has written about or edited. "A successful biographer needs love or affection for his subject," he believes. "If you lack either then I think it shows." Lady Lyttelton's recent life of Wilfrid Blunt is a case in point—she obviously became fond of him as she wrote and the result is a living portrait.

"What I really like—and it may sound pretentious—is making order out of chaos. When Hugh Walpole died there were trunk loads of disordered papers and letters as well as a detailed diary which he kept from 1904 until his death in 1941. It was most satisfying—quite apart from anything else—to sort things out. Not surprisingly, perhaps, Sir Rupert is himself a very orderly person—the Old Rectory contains his library of some 16,000 books and he knows where to find every title.

With so many of his books being published the morning mail to the Old Rectory has shown a steady increase. The first volume by the Lyttelton letters has brought more than 200 so far and the second volume seems bound to increase the flow. People have already written to say that the letters have changed their lives, reinvigorating reading lists to reflect the enormous range of books and authors that Lyttelton and Hart-Davis discussed.

Publishing has changed considerably since these letters were written and Rupert Hart-Davis Ltd was operating from an address in Soho Square. In his introduction to the second volume Sir Rupert remarks that "the first attracted enough attention to persuade my intrepid publisher to venture on a sequel", but adds that "the possibility of further volumes [there are enough letters for four more] depends on the response to this one".

Such circumspection would hardly have been necessary in the fifties. The enthusiastic Sir Rupert mentions included reviews in the *Sunday Times* (from Raymond Mortimer) and in *The Times* (from Philip Ziegler), which would have been enough in his time as a publisher to have sold out in a fortnight a first edition of 2,000 copies at 15 shillings. Today's publishing economics demanded that John Murray should order a first printing of 3,500 copies at £6.95, and so far not quite 3,000 of these have sold in a year. But the signs are that the following for these letters is burgeoning, indeed they show all the signs of becoming a literary cult, so that sales of the second volume, even with its price increased to £8.95 will surely enhance those of the first.

Yet what infuriates Sir Rupert are reviews suggesting that his letters were written with ultimate publication in mind. "Nothing could be further from the truth. As I said in the foreword to the first volume, 'Perhaps George had a faint hope that his letters might one day appear in print, but I was always so busy that the thought never occurred to me'."

At the time the first volume opens Sir Rupert had been a publisher for nine years, but the going was tough. As he recalls, although Hart-Davis titles tended to collar the reviews, sales were often small. "I always found, roughly speaking, that the more I liked the book the less it sold." To George Lyttelton in 1957 he remarked, that his travellers complained that almost all the books on his autumn list were totally unsaleable except in the West End. "Do they think," he adds, "that I cater for Asia Minor?"

His firm was always under-capitalized, making a decent profit only in the year he published Heinrich Harrer's *Seven Years in Tibet* which sold over

300,000 copies. "I only published books I liked or thought good," he recalls. Certainly not just because they would make money, hence Mary McCarthy's novel, *The Group* which he diffidently turned down, precipitating in the process a split with William Jovanovich, the head of the American firm, Harcourt Brace, with which he has previously formed an association.

As he remarks in a letter to Lyttelton at the end of 1956, his "Spring list isn't too bad, but one always feels that the next will be barren and important. The great thing is to work up a string of willing horses, each producing a saleable book a year, and so doing most of the work for one of most of my winners have been by one-book men, with all to do again."

Books with the Rupert Hart-Davis imprint are recognized today not merely by their titles or by their authors, but by their pleasing design and feel. "I always knew what I wanted," he recalls, even if I didn't always know how to get it. But printers responded. If the binding of one of his first titles, *Sealskin Trousers*, a collection of stories by Eric Linklater, was then in existence, it is because Sir Rupert saw a sample of the wartime cloth and preferred the texture of it inside out, and thus it was bound.

His colophon was a sitting fox, designed by Reynolds Stone. But he soon realized that it took up too much space in newspaper advertisements, which were what he needed for the single-column inch, so for this purpose a running fox (also by Reynolds Stone) entered the Hart-Davis ranks. In its fledgling years, it immediately attracted attention. World War the firm was hampered by lack of paper. Supplies were rationed and based on publisher's consumption in 1938. As Rupert Hart-Davis Ltd was then in existence, it had only an ex-serviceman's allocation, hardly enough to publish one title a year. But thanks to a bookseller-cum-publisher in Glasgow, who had a surplus for his postwar needs, as well as supplies bought on the black market, he was able to publish his first titles.

"I had to go for dead authors mainly. There was such a shortage of books that absolutely anything was saleable—you could have published the railway timetable in Greek and it would have sold. I didn't want to publish a new author because I would never have had enough paper for reprint."

Today in Swaledale his freelance literary work is by no means over. The Sassoon diaries will be published by Faber, the first volume, he hopes, next year. There should also be a third volume of the *Lyttelton Hart-Davis Letters*, followed by the letters of William Plomer, best remembered for his work in editing the Kilvert diaries. And all the time further Oscar Wilde letters are coming to light. More than 180 new ones have turned up since his original collection in 1962, and these should on day form a volume of their own.

No wonder then that William Plomer called Rupert Hart-Davis "the king of editors".

Ion Trewin

## The Times Cook



Shona Crawford Poole

## Talking stock

Do you keep a stockpot, feed it with careful economy on bones and trimmings, and boil it daily? I confess I do not, and that a proper stockpot is an ideal of good housekeeping as makes all the difference his recipes call for it. Where a cube will give the right result then a cube is what he specifies.

So following his good example, here are two soups which work equally well with freshly made or instant stock. Prawn chowder is quickly made and almost a meal in itself. There is no need to thaw frozen prawns before adding them to the soup.

Now recipes for home made stock cubes can be found in some very old cookery books, so why is there such snobbery about the convenience kind. Of course there are some shockingly revolting convenience foods on the market, but that is no reason for not employing the good ones with gratitude.

Some people say that stock cubes are too salty, which is, for some purposes, true. Others claim that using cubes makes everything taste the same, which is only so for those who never change brand. With so many kinds to choose from, including the vegetarian and kosher varieties, sameness is no argument. I sometimes wonder if the professionals just like doing everything the hard way for the sake of it.

In this respect Robert Carrier has become steadily more practical over the years. His

book, *Entertaining*, which has recently come out in paperback, takes full account of the time-tables and budgets of busy people. Where home made stock makes all the difference his recipes call for it. Where a cube will give the right result then a cube is what he specifies.

So following his good example, here are two soups which work equally well with freshly made or instant stock. Prawn chowder is quickly made and almost a meal in itself. There is no need to thaw frozen prawns before adding them to the soup.

Melt the butter in a large pan and add the bacon. Cook gently

until the bacon fat begins to run. Add the onion and fry gently together, without allowing the mixture to brown, until the onion is soft.

Add the potato, stock, milk and bay leaf and bring almost to the boil. Reduce the heat, season with pepper, cover and simmer until the potatoes are soft and beginning to break up. Fish out the bay leaf. Add the prawns and cream or yogurt, and heat gently until the prawns are hot without allowing the soup to boil. Add more pepper and salt to taste. Just before serving, stir in the chopped parsley.

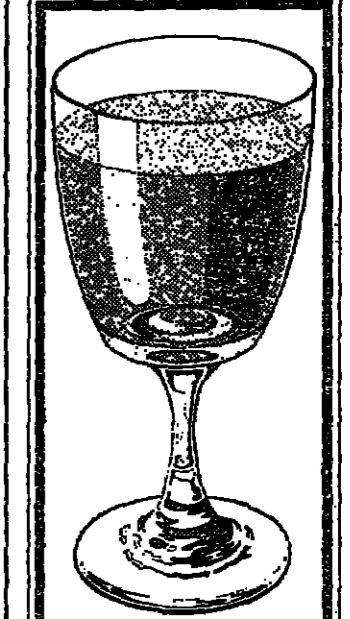
Chilled walnut soup is a light and simple first course for winter dinner parties. Its flavour fits particularly well into any menu including roast grouse, pheasant or partridge.

Chilled walnut soup Serves four to six 2 tablespoons olive oil 1 large onion, finely chopped 55 g (2 oz) shelled walnuts 900 ml (1½ pints) chicken stock 300 ml (½ pint) single cream, or equal parts single cream and natural yogurt Salt and pepper

Heat the oil in a large pan, add the onion and cook gently until the onion is soft but not browned. Add walnuts and fry them with the onions for a minute or two before adding the stock. Bring the mixture to the boil, reduce the heat and simmer, covered, for about 10 minutes. Cool the soup.

Purée the mixture by pressing it through a sieve, or blend until smooth and strain. Add the cream, or cream and yogurt, and salt and pepper, and mix well. Chill thoroughly and check the seasoning again when the mixture is very cold. Stir well just before serving.

\*Entertaining, by Robert Carrier, is published in hardback by Sidgwick & Jackson at £7.95, and in paperback by Arrow Books at £4.95.



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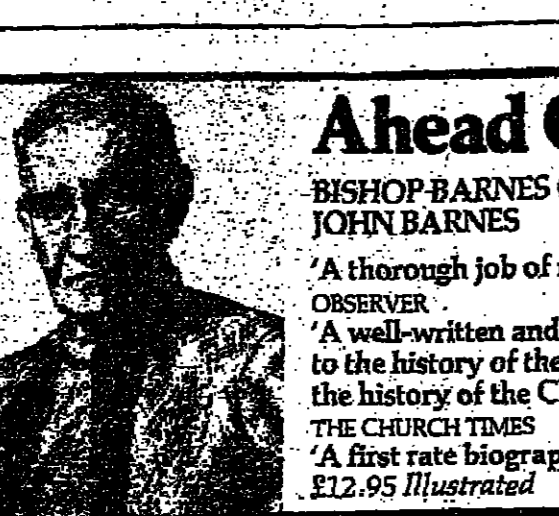
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# THE TIMES

## BUSINESS NEWS

For sale

### British Steel-GKN talks on joint company reach advanced stage

By Peter Hill  
Industrial Editor

British Steel Corporation is discussing plans for a reorganisation of some of its main steelmaking activities with GKN. Talks have been going on for over 18 months and could lead to the formation of a joint company to control production of reinforcing bars, billets and rods.

Negotiations are well advanced and it is expected that members of the BSC board will receive a progress report when they meet this morning. The reorganisation would involve the production of reinforcing bars, billets and rods.

Whitehall has been kept closely informed and if agreement can be reached with GKN, which is BSC's largest single customer, the Government is likely to approve the venture.

Such a reorganisation—in a sector where there is substantial overcapacity—is in line with EEC plans for steel drawn up by Viscount Davignon, the Industry Commissioner.

As well as being the biggest customer GKN is also one of BSC's main competitors in the production of billets, light bars and sections, rod and reinforcing bars. GKN buys BSC's billets and slabs for re-rolling.

Last year GKN's Brynbo works produced 408,000 tonnes of ingots, billets and bars in alloy and carbon steel for forging and re-rolling. It also produced 100,000 tonnes of a new alloy and bar mill. The company also operates an electric

arc steelmaking plant at Tre-morfa, Wales, with rod and bar mill capacity. GKN re-purchased the Brynbo works from BSC six years ago for £20m and in recent years has invested heavily in the development of steelmaking in Wales.

High level discussions between the two sides have taken place regularly and the possibility of a joint venture company to control activities, possibly on a 50:50 basis, has been examined in considerable detail.

Under the direction of Mr Trevor Holdsworth, Chairman of GKN, the company is developing a more concentrated organization based on strategically selected main business areas.

Pressure for rationalization is particularly strong in the wire rod business. BSC and GKN each have about 600,000 tonnes annual capacity for rod making, but both are producing at below this level. Against a background of forecast decline in demand for steel, considerable rationalization of capacity is understood to be under consideration.

If the scheme is approved, it is expected to be the middle of next year before the new operation can be established. Discussions with GKN form an important part of BSC's overall review of its activities.

The corporation is having talks with a number of companies over the future of about half of its profitable chemicals business. It is also discussing with De Groot, the Dutch offshore fabrication company, the possibility of increasing participation in BSC's Redpath Dorman Long engineering subsidiary.

Later today BSC will unveil a loss for the first half of its current financial year. This is



Mr Trevor Holdsworth: developing a concentrated organization.

expected to be within the £150m forecast for the six month period made last July by Sir Charles Villiers, the chairman. But the corporation needs to make further economies in its attempt to meet the Government's target of breaking even by next March.

The Government has said that it will not fund the corporation's losses beyond the end of the financial year. Although it looks as though the target will not be met, ministers are unlikely to agree to an extension.

### London Weekend to put up advertising rates despite complaints about low audiences

By Derek Harris  
Commercial Editor

London Weekend Television will join Thames Television in raising advertising rates in January despite advertisers' complaints that the ITV companies should be giving discounts because of low audience ratings.

Advertisers have demanded that the Independent Broadcasting Authority (IBA) should block the increases until audiences—down by nearly 30 per cent—improve.

At the beginning of January Thames Television will introduce a new rate card that would add 30 per cent to their takings if all broadcasting time were sold at the top premiums. London Weekend said last night that it would shortly be seeking approval for an increase from the IBA.

Details of the London Weekend increase will not be announced until advertising agencies are told but it may not fall far short of the Thames rise. London Weekend believes that the present over-demand for broadcasting time, arising

from the recent 10-week ITV strike, is likely to continue well into the new year. If they are right, London Weekend and Thames will recoup more of the profits lost during the strike than expected. It is estimated that the strike cost the television companies about £90m in lost revenue; they were expected to claw back about £20m by packing schedules with high rate advertising.

The amount of claw-back could rise if other companies move towards higher rates in the New Year. Westward Television said last night that the Thames move must affect the price structure of all the television companies although Westward "was certainly not planning anything this side of 1980".

Like the other companies, Westward put up its rates at the beginning of the autumn, adding 20 per cent to spot rates. Other companies gained at least 15 per cent.

The Incorporated Society of British Advertisers (ISBA) said that some of its members were already discussing audience ratings with television companies.

There was much concern particularly over how long it would take ITV to achieve its earlier 50 per cent share of the television audience.

Mr Kenneth Miles, director of the ISBA, said: "It is no surprise that the television companies are trying to set back some of their lost revenue by putting up their rates. The IBA would not sanction such rate increases until audiences are back to a more representative level".

The ISBA fears that some small television companies, which had been falling behind in the rates race, may opt for steeper rises in the New Year than those projected for the larger companies.

Some advertising agencies have already complained to television companies that the decline in ITV's audience share should be offset by discounts. But a sympathetic response seems unlikely before Christmas because the high demand for broadcasting time continues. But substantial discounting is likely to become common by next March if an economic recession takes its usual toll of advertising spending.

### Gold surges by \$14 in hectic day for bullion

By Nicholas Hirst  
Energy Correspondent

The gold price soared by more than 14 dollars an ounce yesterday in hectic trading on the London market. The price rose from \$340 to \$354, a rise of \$14 an ounce.

The rise was fuelled by fears of the Iran crisis upending currency markets. After breaking the \$400 an ounce barrier, the price surged to around \$412 at the afternoon fixing. By the close it had come back to \$409.5 an ounce. Gold's peak was \$437 on October 2.

Dealers commented that the precious metals had not gained much in the last two weeks, despite growing tension between Iran and America and in the Middle East. The dealers suggested that yesterday's surge in prices was partially caused by a belated reaction to Iran.

Silver reached a new closing peak of \$40p an ounce, up 5p on the day. The metals are traditional havens for speculators when the world economy is unstable.

The pound rose yesterday as the dollar came under pressure. Sterling closed at up 1.5 cents at \$2.176. The markets were volatile and nervous in the aftermath of the gold price rise.

The price of gold will continue to rise in the long term against both the dollar and the Deutsche mark, according to currency specialists, who said it would still be volatile on a day to day basis.

In the foreign exchange markets yesterday the Japanese yen gained a little against the dollar. Despite efforts on Tuesday to cap the yen, it rose to influence the Bank of Japan had to spend heavily to hold up the yen.

In London the yen closed at 248.85 against the dollar, compared with 249.375 the previous day. The Bank of Japan was thought to have spent about \$450m in support.

The Deutsche mark came under pressure yesterday afternoon after the news of Morgan Guaranty's move to claim Iranian assets. The mark fell to DM 1.7465.

### Shell increases the price of petrol, diesel and heating oils by 2p

By Nicholas Hirst  
Energy Correspondent

Shell has raised the price of petrol, diesel and heating oils by an average 2p per gallon. The rise, which took effect at midnight, will mean the price of four star at most Shell garages will rise from 115p to 117p.

Other market leaders including BP, Esso and Mobil said they had no immediate intention of following Shell's lead. But further increases are certain.

The continuing tension in Iran is keeping the price of crude oil on the open market at near record levels. Oil producing countries including Kuwait, the United Arab Emirates and Indonesia have announced their intention to cutback supplies next year.

There are fears that Saudi Arabia, the largest oil producer in the world, may reduce its output. Oil supplies may, therefore, remain tight for some time.

With that outlook, the moderate members of the Organization of Petroleum Exporting Countries (Opec) have less chance of limiting the size of the increase in crude oil prices at its meeting in Caracas.

Shell has paid almost \$40 a barrel for "spot" supplies—a barrel is 35 gallons—compared with the \$18 a barrel paid by Esso for its deliveries from Saudi Arabia, which account for about 40 per cent of its requirements.

There is a chance that some Shell garages might not put up their prices but reduce their profit margins instead. From between 5p to 7p in March, retailers are now making between 10p and 13p a gallon. It will depend on the level of competition.

A sharp shift by consumers from Shell to other garages could create problems for the other companies. With the uncertainties that lie ahead all the groups want to go into the winter with healthy stocks.

Rather than see the subsidies cut back, they may decide to put up their own prices to Shell's new level.

Shell's increases are heavier on diesel and fuel oil than on petrol. The pattern of the last rise in July.

The wholesale price of premium and economy petrol goes up 1.7p, regular petrol is increased 1.73p. Derv by 2.05p, standard grade burning oil 2.14p, gas by 2.14p and fuel oil by 2.4p.

### Britannia may bid for Dawnay

By Richard Allen  
Insurance Correspondent

Britannia Arrow, the former Slater Walker group, yesterday emerged as a possible counter-bidder to the Dawnay group. The Target Insurance and unit trust group.

Britannia's announcement that it was considering a bid came just a day after Roth-schild Investment Trust, up-valued a £16m agreed bid for the Target group.

With speculation in stock markets that further parties could yet join a bid battle, Dawnay's shares came back from suspension yesterday 5p above the 60p a share value of RIT's offer.

After a day of exhaustive discussions, the Britannia board had by last night not formulated any firm proposals. The group is known to have been on the lookout for a life assurance group to link to its unit trust activities for some time.

But assuming it would have to go some way above RIT's terms, a full-blooded takeover would involve a heavy financial commitment.

Britannia has been on a solid recovery trail since it plunged into losses of more than £8m in 1975, and it produced pre-tax profits of £87,000 in the first half of this year. At the last balance sheet date, it had cash of more than £16m but outstanding loans and overdrafts of almost £12m.

The insurer has made a £5m takeover of Siemens Hunter, the specialist publisher and cigar importer. Some sort of share exchange deal cannot be ruled out, although Britannia's shares at 195p yesterday still stand at a discount of 61p to par value.

Britannia has funds under management of £250m compared with Dawnay's total of around £150m.

Last night a spokesman for Dawnay said that the group had been aware of Britannia's interest in the group. But he said the first potential suitor to make firm proposals.

"If and when a bid from Britannia emerges, of course we will consider it," he added. Prudent as the RIT bid has been a key factor in any bid battle because it holds almost 20 per cent of Dawnay's equity.

RIT's bid for Dawnay involves a complex arrangement with Reliance, the Giant United States insurance group, which is a 20 per cent stakeholder in RIT itself. The plan is for Hume Holdings, to make the takeover and for Reliance to take a 40 per cent stake in that company by buying 59m of new shares.

### Experience and money the overseas lures

People in the United Kingdom who have been looking for work abroad during 1979 are young, well-informed about the conditions awaiting them, and see their overseas contracts as a means of gaining wider experience as well as more money.

These are the main conclusions of the latest annual survey of the motives and expectations of applicants for work abroad, conducted by Overseas Recruitment Services.

More than 2,000 people in hotel and catering, building, medical and nursing and secretarial jobs, were asked to fill in questionnaires.

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### Spending cuts may bite deeper

By Caroline Ashmore

There appears to be less understanding by government departments this year than in recent years, according to figures published by the Treasury yesterday.

These also suggest that public spending will be squeezed even more than expected by the tight application of cash limits. Inflation is now expected to be higher than it was at the time of the budget.

The Government will not increase cash limits to take account of this, so there will be bigger cuts in the volume of spending to stay within the cash limits.

Yesterday's figures included provisional estimates for public spending in the first six months of 1979-80, and compared these with an expected profile of spending through the year. This accompanied the Winter Supplementary Estimates to seek parliamentary approval for increases in voted expenditure.

The increases were all as a result of published changes, and do not imply any change in the way the Government borrows, nor in the cash limits for 1979-80. Where there are small rises, these are offset by other reductions or taken out of the contingency reserve.

Cash limited expenditure at £15,833m in the first half of this year was actually running a little above the profile. However, this was because the profile was drawn up some while ago, and does not include all the changes which the Government has announced for this year.

The defence outturn is 9 per cent above profile, thus accounting for the overall overshoot. The defence profile does not take account of higher pay in the armed services, and increased defence budgets.

The provisional outturn for rate support grant spending was exactly in line with its profile.

### US bank attempts to freeze Iran assets

Continued from page 1

German bankers expect Iran will challenge the orders. For its part, Deutsche Bank reported as saying that the bank's attachment of Iran's stake in the company was impossible under West German commercial law.

The ability of the West German Government or commercial interests to freeze or attach Iranian assets outside the United States has been a grey area since Mr Carter took the decision to freeze Iran's assets in United States banks and their subsidiaries abroad.

Frank Vogt writes from Washington: Mr Eugene Rotberg, vice-president and treasurer of the World Bank, said today that he has sound reasons to state that "Iran is endeavouring to make and it will make all payments due to the bank".

Iran has long-term borrowings from the bank in excess of \$500m. Mr Rotberg noted that the World Bank had borrowed from Iran, with Iran holding about \$400m of World Bank bonds. He drew attention to Iran's recent public statement saying it planned to honour all its official external debts, and the World Bank loans came under the official category.

Some World Bank officials said the position over the debts situation was unclear, but Telex messages had been exchanged and some consultations had taken place. There are no major debt repayments due to the World Bank from Iran in the near future. Ronald Pullen writes: Banks outside the United States are being drawn into the controversy between the United States and Iran.

After Chase Manhattan Bank's move last week to declare Iran in default on the \$500m loan because of a "half-yearly interest payment" had been caught by the freeze on Iranian official deposits in the American banking system.

European and Japanese banks are reluctant to follow suit on a number of other syndicated loans.

Some of these are covered by "cross-default" clauses which stipulate that if one loan is declared in default, other loans have to be called in as well. It is thought that in some cases, European banks have actually overruled United States banks in lending consortia and decided not to seek accelerated repayment of loans.

International bankers are still acutely worried by the principle adopted by the big United States banks of offsetting Iranian assets and liabilities. The core of the dispute among bankers is whether the American Treasury decision to freeze Iranian funds in the United States can be extended to foreign bank branches.

The consensus among bankers in most of the European financial centres is that the American authorities have no power to freeze Iranian assets in the foreign branches of United States banks. The Swiss authorities have already said that the laws of host countries should apply. The German authorities have argued that there is no mechanism to block Iranian assets, and it is thought that the Bank of England is taking this line as well.

Bankers are bracing themselves for lengthy legal actions over their Iranian loans, and in some quarters, it is felt that Iran may set the ball rolling by taking legal action against Chase Manhattan over the non-payment of the interest on the \$500m loan.

Non-United States banks appear to be relaxed over the issue. Although no loan to Iran, although no accurate figures are available, bankers in Europe have said that their exposure to Iranian debt is limited and "in general manageable", and so far they have reported no problems with repayments.

Financial Editor, page 23

### EEC considers scheme to turn farm surpluses into industrial alcohol After-effects of wine 'lake' plan worries BP

British Petroleum is fighting a European Community scheme aimed at tackling wine "lakes", potato "mountains" and other agricultural surpluses by converting them into alcohol for industrial use.

The scheme is part of a draft regulation on alcohol now being considered by a Council of Ministers working party. The offending article is no 8.3, by which it is intended that farm surpluses would be bought by a Community agency, converted into alcohol and sold on the open market at subsidised prices.

BP Chemicals is taking the threat posed by agricultural alcohol very seriously, an official said last night. The company is the Community's largest producer of synthetic alcohol, or ethanol. Its 240,000 tonnes a year account for about half of the EEC's capacity.

United Kingdom production is based at Baglan Bay, South Glamorgan, and Grangemouth, Stirlingshire, where a £57m expansion programme is due to be completed by 1982. This will increase capacity to 300,000 tonnes.

BP Chemicals believes that this accounts for the whole of commercial synthetic alcohol production in the United Kingdom. It also has a half share, with Bayer, in Erdchemie, which produces about 60,000 tonnes a year in West Germany.

In addition, BP Chemicals has a plant at Hull, built in 1925, which converts molasses into alcohol.

The company is holding regular discussions with Department of Industry officials over the draft regulation. It has the backing of the Chemical Industries Association, which recently sent a delegation to see Sir Keith Joseph, Secretary of State for Industry.

The delegation, led by Mr Eric Sharp of Monsanto, explained that the threat was not only to BP Chemicals. Downstream users of alcohol would also suffer in the long term if synthetic alcohol production capacity was destroyed by suddenly flooding the market with cheap, subsidised farm alcohol.

Such incursions may occur only every few years, yet be sufficient to force a cut-back in synthetic production capacity, which would then be insufficient to meet demand.

BP Chemicals also argues that it is generally cheaper to produce alcohol by industrial methods.

Continental supporters of the draft regulation—primarily the French and Italian wine lobby—envisage that various types of farm produce, such as sugar beet and soft fruit, be converted into alcohol in glut years. But it is aimed principally at the notorious Community wine lakes.

The last year when a large wine "lake" was created was 1974/75. Industry sources estimate that 695,000 tonnes of alcohol were produced. If only a sixth of this was released, at low cost, for industrial use rather than traditional potable uses, it could cause serious disruption of the market.

Department of Industry officials say that the Minister had taken note of fears expressed by chemical industry leaders, but had not committed himself to a particular course.

They will argue that the disclosure proposals for small companies and those relating to disclosure of information on higher paid employees and directors' emoluments would make it more difficult for the employees of a company and their union representatives to secure reliable information about the company's activities and financial position.

The TUC will also complain strongly to trade ministers about the proposed curbs on the service provided by Companies House. Options for cutbacks under consideration include abolishing the registry of business names; replacing the "on-demand" public search services with one based on 24 hours notice; and the cessation of company file maintenance.

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The second leg of the TUC attack has yet to come. The unions are writing to the Department of Trade to express their "serious concern" at the implications of the Government's consultative document on company accounting and disclosure.

John Huxley

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## EEC moves closer to treaty with Comecon

The European Economic Community has moved nearer a formal agreement with the Council for Mutual Economic Assistance (Comecon), the Soviet trading bloc, after days of negotiations in Moscow, there is still a fundamental disagreement over the basic issue of East-West trade.

Mr Wilhelm Haferkamp, vice-president of the European Commission, said yesterday that some progress had been made in the wording of the preamble to any treaty. The two sides had also agreed to exchange information regularly and to co-operate in a number of fields.

### Chinese visit

A group of Chinese executives from the Canton Electronics Bureau is visiting Hong Kong to discuss industrial cooperation with local and foreign-owned electronics companies, and study production and marketing methods.

Approximately fifty companies based in Hong Kong have signed agreements on processing and assembly operations in thirty of these electronic enterprises during the past year.

### Chemicals delay

Plans for the financial salvage of Italy's stricken chemicals industry are still being held up, and the only company to have reached an outline agreement on a rescue programme, is facing the possible breakdown of this project. The chemical workers union FULC yesterday called a nationwide strike in the industry for today, to protest against the continuing delays.

### Italy wins Saudi order

Italiani plan the state-owned engineering company and Alcantara the Saudi company have won a joint order from the Saudi Arabian government to build a desalination plant worth about 24,000 m. lire (£13.5m) on the Red Sea near Jiddah.

### Women 'scapegoats'

Women workers in Caracas, Venezuela, were warned that they could become the "scapegoats" in reckless implementation of new technology, by Mr Roy Genthon, general secretary of the Association of Professional, Executive, Clerical and Computer Staffs.

### Alumina contract

The Soviet Union will import 70,000 tons of Indian alumina next year under contracts worth \$15m (£6.93m). Two companies will supply the alumina plant results of deals at an international trade fair in progress.

### Canadian expansion

Mr John Crosbie, the Canadian Finance Minister, has said his December 11 Budget will try to stimulate the economy by encouraging expansion of Canadian industries, especially those which manufacture internationally-traded goods.

### Brazil crude record

Brazil's daily oil output rose to a three-year record on October 9 of 180,214 barrels, which companies with a daily average for the nine months ended September 30 of 156,949 barrels.

### Norway oil output up

Total production of oil and gas on Norway's continental shelf reached about 31.06 million tonnes of oil equivalents in the first 10 months of this year, against 24.88 million in the same period in 1978.

### Civil servants' rise

The French Cabinet has approved a 1.5 per cent increase in civil servants' pay from December. The rise, which is in line with the inflation rate, is the first since 1974.

### Cement contract

F. L. Smith, the Copenhagen cement company, has signed a 1,300m kroner (£116m) contract with the Algerian authorities for building a cement factory, to be finished by 1982 which will have an annual production capacity of one million tonnes.

### Credit policy

Credit policy decisions are unlikely to be made after today's meeting of the West German Federal Bank Central Council. It is also probably too early for the bank to disclose its plans for a money supply growth target for next year.

### GATT budget raised

Member states of the 84-nation General Agreement on Tariffs and Trade (GATT) approved a budget of 39.83m Swiss francs (£5.5m) for 1980, a 0.28 per cent increase.

### Gulf of Mexico bids

A total of 322 bids on 96 tracts in the western and central areas of the Gulf of Mexico were submitted in New Orleans. The value of these bids was \$4,700m (about £2,350m).

## Attempts to strengthen currency and attract foreign capital 'ineffective' Lack of leverage in oil market weakens yen

Japanese fears of rising inflation are growing in the absence of any effective anti-inflationary measures, for their fears rest more with outside economic and currency developments than internal problems.

At the core of the apprehension is the ever-falling value of the yen. Compared with a year ago, the value—around 250 yen to the dollar—is 40 per cent less. Even during the recent months, the yen has depreciated by nearly 20 per cent.

In view of this the current and the more immediate concern of the government and the Bank of Japan is not so much how to counter inevitable price spirals, but how to prevent any further decline in the value of the yen.

However, the decision taken on Tuesday by a worried government to institute a series of foreign exchange and capital decontrol measures in an apparent effort to prevent any further fall of the yen proved ineffective. The aim had been to attract foreign currency and at the same time, preclude any speculative moves. The measures included raising the ceiling on dollar and other foreign currency holdings and flexible operation of the "impact loan" system, but the gain in the yen was short-lived. The market, after a momentary reaction, returned to the pre-announcement stage.

Oil is mainly behind the currency devaluation. Japan depends on imports for up to 90 per cent of its oil, which accounts for more than 80 per cent of its energy, and is the direct cause of the currency problem.

One disturbing element in this connection is that while the yen is intrinsically pegged to the dollar, the declining dollar value does not reflect itself on the yen.

While other main currencies, such as the Deutsche mark and Swiss franc rise as the dollar sinks, the yen moves independently of dollar fluctuations. The basic vulnerability of the yen caused by the absence of any leverage in the oil market is held accountable.

In view of such currency movement, the Bank of Japan was reported yesterday to be considering another rise in the official discount rate which now stands at 6.25 per cent a year.

It is the third increase in a year and the rate has gone up 2.75 per cent since April.

The Ministry of International Trade and Industry (MITI) and the Economic Planning Agency (ERA), have both tried to dispel any fears that could panic consumers into stockpiling. After their bitter experience of the first big oil crisis, earlier in the 1970s—both agencies have repeatedly assured the public that oil reserves are sufficient (102 days of reserves now) and that there will be no shortage of commodities in the foreseeable future.

With or without government assurances, however, commodity prices have begun showing an ominous upward trend. The wholesale price index, which remained below a 1 per cent annual rise during the early part of the year (0.9 per cent in February and 0.1 per cent in March) jumped to 10.9 per cent in August and as much as 12.6 per cent in September.

While this increase has not affected consumer prices yet, the upward trend is clearly there. The lowest rise of 2.5 per cent during the year, observed both in February and 0.1 per cent in March) jumped to 10.9 per cent in August and as much as 12.6 per cent in September.

Deeper imports caused by the cheaper yen are also a big contributing factor to the prospect of a further price spiral.

The mounting balance of payments deficits which stood at \$12,369m in 1978 as against \$3,166m in 1977 are estimated at substantially more in 1979.

Deficits in October amounted to \$1,381m which was the largest of the year (\$1,446m in January and \$1,648m in August).

Petroleum payments account for a large portion of increasing deficits. It is estimated that the \$23,432m payments for oil imports (270 million tons) in 1978 will increase at least by 50 per cent in 1979.

As a result, gold and foreign exchange holdings which amounted to \$33,000m at the end of 1978 now stand at \$25,300m, which, at the current rate of decrease, may undercut the 1977 reserves of \$22,800m.

It is against this background that the government has started compiling a national budget for fiscal 1980 which starts in April. According to Finance Ministry sources, the total of the general account for the new fiscal year may be held down to some 42,700,000 yen or a 10 per cent increase over the current plan, the smallest growth rate for years.

It is thought extremely doubtful that the growth rate of 5 to 6 per cent as envisaged by the government would be achieved. According to a survey conducted by the Daiwa Bank, the growth rate in fiscal 1980 would not be more than 2.1 per cent (real) which compares with the 5.6 per cent in 1978 and 5.9 per cent in 1979.

Such a budgetary framework, plus the currency devaluation and price rises would, in the eyes of most observers, mean a depressive economy, inflationary currency, and a more severe stagflation than has been observed in the past.

Kosi Nakamura  
in Tokyo

## Toyota (GB) seeks site for HQ and expansion

By Edward Townsend

Toyota (GB), the British arm of Japan's biggest car maker, is seeking a 20-acre site in the south of England for a new headquarters and warehousing. The company says it wants a site able to accommodate 400,000 sq ft of warehousing and 40,000 sq ft of offices, somewhere between London and Swindon, but is not prepared at present to go into detail on its investment intentions.

Toyota (GB) employs 320 people at four sites, a head office at Croydon, an export division nearby, a parts depot at Crawley and an import depot at Sheerness. It plans to combine most of its operations under one roof.

A spokesman said the move had been prompted by increasing demand for parts and service as a result of Toyota's growing car sales in the United Kingdom.

It is also clear that the company is planning for expansion in the hope that the present voluntary restriction on imports of Japanese cars eventually will be lifted.

Japanese manufacturers have maintained their share of the United Kingdom market this year at about 10.1 per cent. Datsun, the leader, has about 5.7 per cent of new car sales, followed by Toyota with about 4.2 per cent.

Officials of the British and Japanese motor industries last met in Tokyo in September and it appears that the "understanding" which restricts Japanese car sales here will be continued during 1980. A spokesman for the Society of Motor Manufacturers and Traders said the issue would not be discussed again before the end of next year.

Datsun, which has remained relatively quiet this year on the issue, said yesterday it hoped 1980 would be the last year in which its sales were held back. A spokesman said: "The reason is to help British Leyland, but all we look at are the hundreds of thousands of EEC cars that are pouring in to fill the gap."

Exports of assembled vehicles in October rose 2.8 per cent to 410,300 from 399,100 in September and were up sharply by 32.4 per cent from 308,900 a year earlier, the Japan Automobile Manufacturers Association said.



Mr Roy Close: Call for changes in Employment Protection Act

## Managers divided on employment protection

By Patricia Tisdall  
Management Correspondent

A split has opened in management ranks over the question of whether small companies should be given special exemption in government proposals to alter employment protection legislation.

A majority of the British Institute of Management, membership of about 15,000 agrees with the proposals that new companies with fewer than 20 employees should be exempt from the unfair dismissal provisions of the Act for the first two years of trading.

But a significant minority think that the provision would be open to abuse and that it would be better to encourage small companies by other means.

After consultation with BIM membership and with the affiliated Institution of Industrial Managers, Mr Roy Close, BIM's director general, wrote to Mr James Prior, Secretary of State for Employment, yesterday giving the collective views of the managers. There is also dissent with the assumption in the proposals that maternity pay should be maintained at the same level as previous years.

While not unanimously against it, BIM respondents regard the principle with much reservation. They point out that an employer has either to make temporary employment arrangements or bear the cost of training a new employee, and that pregnancy can be, to some extent, regarded as the choice of the individual.

Mr Prior's proposals, issued in a consultative paper in September, were that confirmation of intention to return to work should be increased from seven days to 28 days before the intended date of return.

Comments were also invited in suggestions that small companies should be given exemption from maternity provisions.

The consultation showed that management unanimously in agreement with the Government that the provision in Schedule II of the Employment Protection Act, which provides for wage claims concerning "general level of terms and conditions" to be adjudicated by the Central Arbitration Committee, should be scrapped.

Mr Close advocates its repeal on the grounds that it is "inflationary, disruptive to differentials and the genuineness of productivity agreements, and can undermine collective bargaining arrangements."

Statutory provisions relating to union recognition should also be repealed, the BIM says, and the settlement of disputes in this area left to voluntary action by ACAS.

Mr Close said doubts were expressed about the impartiality of ACAS under SI (2) of the Act, which encouraged the suggestion of collective bargaining.

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## CWS to join talks on merging with retailers

By Derek Harris  
Commercial Editor

The Co-operative Wholesale Society, which accounts for more than half the Co-operative movement's trading turnover, yesterday effectively agreed to join talks aimed at creating a single body to run the Co-op.

The CWS, which supplies the Co-op's retail societies and Co-operative Retail Services (CRS), the largest retailer in the movement, are being invited to meet the Co-operative Union—the movement's coordinating body—to consider the relevance of the proposals.

Speculation that the CWS might not favour proposals for the creation of a Co-op Great Britain had surrounded a meeting of the union's central executive in Manchester yesterday.

Mr Howard Perrow, Co-ops Union chairman and chief executive officer of the Greater Lancashire Society, first suggested the idea at the Co-operative Congress earlier this year. Mr Perrow has since said he thought the base of such an organisation must be the Co-ops retailing.

He suggested that CRS, which had grown from helping societies in difficulties and had become noted for its efficiency, would be the logical base for a Co-op GB.

The question asked in the movement is whether the powerful CWS, led by Sir Arthur Sugden, would be happy to let all the reins slip even though Sir Arthur has urged the creation of a single national federation to counter the weaknesses which have confronted the Co-op in reversing its sliding share of high street trade.

Sir Arthur is due to retire in September next year and sentiment has been growing that the new chief executive should be selected from the ranks of established retailers, who might not be the movement. A special committee at CWS, whose governing board consists of representatives of the retail societies, will meet shortly to discuss the suggestion.

## LETTERS TO THE EDITOR

## No 'ulterior motives' behind Venezuelan oil announcement

From Señor Francisco R. Parra, Caracas. The article carried by your correspondent, Mr. Michael Frenchman (Continuum) over the announcement of the Venezuelan oil field, dated 28th November, is a masterpiece of journalistic skill, and I am sure that it will be read with interest by your readers.

However, I hope you will permit me to recapitulate the facts briefly and add some comments, which I trust will make the situation clearer.

(1) Current estimates of oil in place in the Orinoco petroleum belt vary between 700,000 million barrels and 3,000,000 million barrels. The wide range of these estimates is an indication of how speculative, at this stage, the figures are. The Venezuelan national oil company, Petroleos de Venezuela, has initiated an evaluation programme of the area which, in its first phase, at present being completed, includes the shooting of 3,000 seismic wells, the drilling of seismic wells, and a number of detailed technical studies.

(2) Estimated recoverability of the oil in place is often put at 10 per cent. The paper presented in Montreal by a subsidiary company of Petroleos de Venezuela, takes a highly speculative range of 10 per cent to 30 per cent recovery, and applied it to the low and high estimates of the oil in place, thereby coming to a range of 70,000 to 900,000 barrels of recoverable oil, and 500,000 as a mid-point.

The application of a speculative recovery factor to a speculative estimate of oil in place is merely an indication of even-

tual possibilities for the distant future, rather than a factor which could have significant impact on energy supplies during the 1980s. As has been remarked elsewhere, it is not the world's energy resources which are in short supply; it is time.

(3) The definition of "recoverable reserves" needs to be understood in the context of the effort required to produce them. Recoverable reserves in the giant oil fields of the Middle East are easily tapped and produced. In Venezuela, the national oil company is spending \$70m over the next three years merely in the planning and evaluation stage of the area. Only by 1986, add at a cost of \$1,000m, will the area be producing at a rate of 30,000 bbls per day.

There may also be limited production of crude which will not be upgraded. By the end of the century, and after the expenditure of approximately \$20,000,000, it is hoped to raise capacity to 1 million barrels per day. This will be an important contribution to Venezuela's national economy but a relatively minor one in the context of the world's energy resources. The country consumes about 100 million barrels per day of oil equivalent of all forms of energy.

(4) It is true that the Orinoco petroleum belt has been known about for years. Its development has not so far been pursued because prices have been high enough to justify (although it may be noted) some of the more easily accessible reserves on the fringes of the belt have been developed to a capacity of about 100 barrels a day. In this, the belt is similar to the oil fields in the Canadian oil sands and Colorado oil shale. Undink suggestions have been made in the press and elsewhere that Venezuela may have "ulterior motives" in announcing such reserves at this time—that it is an attempt to be the country's borrowing power in international money markets and/or strengthen its position in the forthcoming Organization of Petroleum Exporting Countries conference in December.

While admitting the imaginative efforts of those making such suggestions, and being flattered by the implication to us of such Machiavellian skills, I hasten to say that such a place in the confusion of merely a routine technical paper at a specialized United Nations conference, "announcement" on Monday in Montreal, before the passage of the Anglo-Persian oil agreement, came not from an official of Petroleos de Venezuela (UK) SA, 7 Old Park Lane, London, W1, November 28.

## Joseph Swan's contribution to the electric lamp

From Professor Peter Kirby

We are coming to the end of the year which in many countries has been selected for the celebration of the centenary of the invention of the incandescent electric lamp. In the United Kingdom, numerous activities took place earlier in the year and in the North-East of England I was privileged to chair a committee which arranged lectures, museum displays, and a range of material relating to this significant invention which has so clearly benefited our lives in the civilized world.

Not surprisingly, we were anxious to draw attention to the fact that they chose to target their main activities on the 21st of October, the day on which Joseph Swan, who, after experimenting with filament lamps for over 40 years, gave his historic lecture to the Lit. & Phil. Society in Newcastle upon Tyne on 21st October 1879. At that moment during his lecture he extinguished the gas lamps and illuminated the lecture room with the brilliant light from a large number of his incandescent filament lamps.

In all of our activities we have been anxious to present a balanced view, and in line with Joseph Swan's own statement that "all inventions have a pedigree", it would be absurd to ignore the contribution made by others in this field. We have in our possession the handwritten notes from which Swan gave his lecture, in which he makes reference to the not infrequent claims telegraphed from America by Mr. Thomas Edison that he had overcome the technical problems which had preoccupied a number of inventors throughout the world for several decades.

Our attitude appears to contrast significantly with the energetic campaign which has developed in the United States nominally intended to celebrate the centenary of the electric lamp, but which seems to have developed exclusively as a rather sycophantic act of hero-worship based on the misconception that Edison was the only experimenter worthy of recognition in this field. It is sad to record that nowhere in their country-wide campaign do the Americans ever make mention of the contribution made by Joseph Swan, despite the fact that they chose to target their main activities on the 21st of October 1879, the day on which Swan, who, after experimenting with filament lamps for over 40 years, gave his historic lecture to the Lit. & Phil. Society in Newcastle upon Tyne on 21st October 1879. At that moment during his lecture he extinguished the gas lamps and illuminated the lecture room with the brilliant light from a large number of his incandescent filament lamps.

Such an unbalanced and bigoted attitude surely detracts from the credit which is due to one of America's great inventors and this attitude seems unworthy of a nation which has contributed so much to advances in world technology and which could readily show a little intelligent generosity to contributions from other quarters.

Yours faithfully,  
PETER KIRBY,  
Chairman, Electric Lamp Centenary Committee, Newcastle upon Tyne, 14 Woodlands, Leazes Road, Newcastle upon Tyne.

From Mr. Julian Ridsdale, MP for Essex, Harwich (Conservative). Sir, According to David Blake's Economic Notebook (November 22), the Chancellor of the Exchequer is to announce on November 16th "a new policy" which the Government ought to be spreading if they want their policy to work.

Why "pessimism"? The dictionary definition of that word is "a doctrine that evil is more powerful than good" or "a tendency to expect misfortune".

Mr. Blake alleges that Treasury Ministers have been warning the economic forecasters to produce "less gloomy figures". Whether that be true or not, Ministers can scarcely be accused of trying to mislead the public about the potentially painful short-term effects of government policy.

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## History of Government's BP holding

From Mr. Angus ACWORTH

Sir, The matter of the Government's holding of BP has become so befogged with political prejudice that it is well to clear the air. The facts are simple. Some 70 years ago the Royal Navy decided to switch from coal to oil, and Government of the day was prudent to secure supply, and took a major interest in the Anglo-Persian Oil Company. The "navy" of 1914 is represented by an array of destroyers, mine-sweepers, frigates and submarines which can readily be fuelled from the tankers of the Anglo-Persian Oil Company. The Royal Navy has its interests in Iran secured and renamed British Petroleum is an international oil company comparable with Shell, Texaco. There are no shares; it is not an investment trust. I am, Sir, your obedient servant, ANGUS ACWORTH, 47 Eaton Square, London, SW1W 9BD, November 28.

## Cheques abroad

From Mr. Peter Over

Sir, Mr. Suck's attack (November 22) on a man's satisfactory means of paying French holiday costs from his country interests me.

From personal experience, I am sure that a man's satisfactory means of paying French holiday costs from his country interests me.

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## Economic realism

From Mr. Julian Ridsdale, MP for Essex, Harwich (Conservative)

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## Department of Employment Gazette

## Closed shops spread to cover 5 million workers

By Donald Macintyre  
Labour Reporter

Closed shop deals have tended to increase as a result of the trend towards comprehensive agreements between industrial relations writers, a government-backed study suggests today.

The study, carried out by the industrial relations department of the London School of Economics for the Department of Employment, notes that the 1968 Donovan Commission on trade unions thought that once the reforms it proposed took effect, unions would be able to "dispense with the need for the closed shop".

Instead, it says, reform of industrial relations at

## BY THE FINANCIAL EDITOR

## Iran splits the bankers

ad news, for international bankers lay, is the growing schism between national bankers over the decision by the United States to freeze official Iranian assets. Yesterday's move by Morgan in West Germany to sequester shares in Krupp and Deutsche Bab- a further sign of the edginess of whose loans to Iran are not covered by deposits.

Many smaller United States banks have to Iran are at daggers drawn. The big New York money centre banks, the eventual share-out of Iranian assets in the event of a wholesale default, and Japanese banks are increasingly questioning the jurisdiction of United States over their overseas branches, where a large proportion of assets are thought to be held. Virtually a man these banks are antipathetic to the idea of declaring Iran in default and are thought to be a number of syndicates where non-United States banks sided not to invoke the cross default triggered when Chase Manhattan decision on the \$500m Iranian loan.

question now is whether the inter-banking system can stand the strain of action that now seems likely to be taken. There are no signs yet of Opec being frightened away from the inter-capital markets but the future of the Eurocurrency loans could well be if the United States banks do not.

At the moment though the good news is a straight Eurodollar bond market, signs of coming back to life after months of hibernation brought on by rising United States domestic rates.

There have already been a number of rate note issues this week, though the market has been relatively buoyant throughout the summer of the limited protection it provides.

the European Coal and Steel Commission is testing the appetite of the market for a \$100m seven-year issue, carrying a coupon which falls a 3 point to 104 per cent in the final year. Eurobond investors have been caught out this year in early summer when United States interest rates had resulted in a glut of issues, a large one of which are still in the issuing portfolios; and there are still enough about the course of United States rates to make everyone cautious.

while, the authorities had relatively access with their latest offering of \$1 stock, in spite of the modest fall in the United States prime rates and Eurodollar rates.

stock does, however, remain well in the market and its fate over the week or so presumably depends fairly on the outcome of the miners' strike, the result of which should probably bring the full figures well below the middle of next week.

As United States interest rates are down, the market is obviously encouraged; certainly not yet prepared to bet that rates have finally turned.

ity is still rife, as yesterday's price in the gold price served to.

I get ner

he outlook for durable goods is murky, excellent, full-on, from Commodities Division will be an historic context. Nevertheless, set reacted to news of a 47 per cent increase to \$9.2m an 85 per cent hike and the promise of a one-ship by lifting the shares 12p to 100p.

while, Comet, for its part, remains confident about prospects in the spite of the short-term uncertainty in how pressure on spending could curtail durable sales.

the summer Budget boom, Comet experienced relatively quiet trading rates depressed by the recent rise in rates and news of the forthcoming increases. It remains to be seen whether mortgage rates will have a normally buoyant Christmas season, or claims to have seen a reasonably pick-up in November sales.

Importantly, Comet moves into 1980 with a strong balance sheet despite the £13m outflow on Caledonian Holdings and high hopes that the new DIY interests can compensate for any downturn on the durable side. Comet has made £6.3m write-off of goodwill on Caledonian which probably chipped in around £500,000 in the latest year.

Although DIY could be as vulnerable as electrical goods to a spending downturn next year, as competition intensifies, the Timberlands operations could be expected to contribute at least £1.5m to next year's total. This suggests that next year's out-turn will be similar to the latest result and would ensure Comet its status in a depressed sector.

The latest result represents a fully-taxed p/e ratio of just under 6 and a well-covered yield of 5.4 per cent. That suggests the shares are on the high side in terms of what could be the most severe test yet for discount durable retailers like Comet.

Johnson Matthey

## Higher precious metal prices

Johnson Matthey's figures are much as expected with profits at £11.5m for the half year, about £2m more than for the period of last year, largely reflecting higher gold, silver and especially platinum prices. But given such an obvious boost, is Johnson really doing so well?

Some parts of the company—paints and chemicals for example—are vulnerable to the world recession. But its accounting is conservative and does not include paper gains on metals as income.

The company also stands to gain from the market for platinum in catalytic converters. Since all cars sold now in the United States need them, it matters little to Johnson Matthey that American-made cars are selling badly. The converters just go into imports instead—for example Volkswagen, with which a subsidiary is closely associated.

On the banking side, foreign exchange dealing proved particularly profitable, and as a result of higher commissions from metal dealing—the bank's main business—and stock increases, the bank's net worth is now £30m.

At the closing price of 195p, up 5p on the day, Johnson yields 6.51 per cent. Even if one takes a very bullish view of metal prices, this seems a reasonable rating.

BPB Industries

## Defensive qualities

Profits from its United Kingdom operations still provide over three-quarters of the total (before interest and the share of associates) at BPB Industries, but it was the overseas subsidiaries which pushed the half-time total up by 20 per cent to £21.23m pre-tax.

In particular, the French subsidiary, maintaining the improvement shown in the second half of last year, produced trading profits some £1.75m higher than those for the corresponding period, more than offsetting the downturn in the Republic of Ireland, and the same again loss in the Netherlands paper company.

In the United Kingdom, performance was steady enough, with volume sales of both plasterboard and paper holding up, and a reduction in the losses on wood chipboard to help offset the impact of higher costs on margins elsewhere. Trading profits of the United Kingdom building materials division emerged some 10 per cent higher at £11.1m, while those of the paper and packaging operations were ahead by almost as much at £4.6m.

In spite of the possibilities offered by both the DIY and home improvements markets, there must obviously be great doubts over BPB's capacity to maintain volume sales of plasterboard if the United Kingdom building industry is knocked for six by high interest and mortgage rates. However, the effects of past spending on efficiency, and present monopoly on the group's ability to check the damage a slump could do to a good profit record.

Anyway the dividend payment, well-nigh doubled at the interim, looks safe enough and attractive, too: even on nothing better than a same-gain payment for the second half, the yield at 156p will be almost seven per cent.

## Economic notebook

## Is the pound about to slide?

Something odd has been going on in the foreign exchange markets. Sterling is riding high again after its fall this autumn (although not as high as it was in midsummer).

Yet it seems to be buoyed up more by hot air than by any real strength. The so-called "fundamental" which are supposed to determine exchange rates.

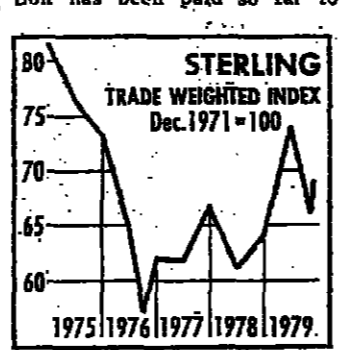
The Treasury is virtually alone among economic forecasters in assuming that the pound will remain stable during 1980. Some fall in the rate next year is almost certain. But it may not be heralded with the drama and banner headlines of previous collapses.

Sharp movements in exchange rates are no longer the big news they were. The Government has managed, so far very successfully, to take the limelight off even quite large movements.

This is at least partly due to the apparent lack of any exchange rate policy and thus of official concern about sterling's day-to-day fortunes. It has been helped by the pound's relative strength throughout this year and growing confidence in sterling as a hard currency.

There are several reasons for supposing that this cannot last, even in the new era of the petrodollar. And there is even some reason to believe that the Government may stop keeping its distance from the markets and start intervening to support the pound if it comes under serious pressure.

One important indication that the pound is over-valued is Britain's yawning payments deficit. Remarkably little attention has been paid so far to



the United Kingdom's poor trade performance this year and the prospect of little improvement. After a current account surplus of more than £1,000m in 1978 the Treasury expects the United Kingdom to be in deficit to the tune of £2,500m this year.

Last year the Treasury forecast a current account deficit of £2,000m for 1980. Admittedly this is worse than many private forecasters expect and is subject to enormous margins of error. But it is rare that the United Kingdom's trade performance turns out to be better than expected and it would have to be much better to wipe out the gap altogether.

The jump in Britain's EEC contributions and the steady growth in foreign-owned North Sea profits have turned 1978's invisible surplus of £2,207m into one of less than £500m this year, all of which was earned in the first three months.

For overweighing this deterioration, however, is the benefit to the visible trade balance from North Sea oil. The latest official estimates almost certainly understate Britain's likely oil sales this year and probably this year too.

Even so they show a net contribution to the current account of £7,200m this year and £6,800m next year (at constant 1978 prices). The figure for 1980 was lower because the real price of oil was then expected to fall next year.

There is some confusion about the role of North Sea oil in bolstering the pound. The presence of oil means that it is possible to balance Britain's payments with a higher exchange rate than otherwise.

In these days of oil-dominated foreign exchange markets it also means that sterling is likely to be as strong as the pound, which is a fact of life.

There are fears of further oil price

risks or possible supply difficulties. Longer-term funds from the oil rich Opec countries whose investment surpluses are now growing rapidly again are also more likely to be attracted to London because of North Sea oil.

But this does not mean that any value of the pound is sustainable regardless of Britain's current account position. Foreign exchange dealers still believe that currencies are influenced heavily, if sometimes belatedly, by countries' trade and current account balances.

The Government predicts that this will come down by a few points next year, although there is little evidence to suggest more than a very slight devaluation. Faster inflation coupled with a strong pound has led to a massive deterioration in British exports, and the 20 per cent over the last year. Export profitability has also fallen sharply.

These figures help to explain why, despite North Sea oil, Britain is in the red. If the pound does not fall next year there will be a further erosion in competitiveness and recession notwithstanding.

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There are fears of further oil price

## Taking the surgeon's knife to Germany's lame duck

After a decade in which state aid for Europe's ailing industries has become the norm rather than the exception, West Germany's banks are about to demonstrate that in the Federal Republic capitalism is alive and, if not exactly well, can at least tackle its own problems.

The supervisory board of AEG-Telefunken, West Germany's second largest electrical concern, meets next Monday to decide on a new rescue plan intended to put what has become a gigantic lame duck on the country's postwar history back on the road to recovery.

The 20 industrialists, bankers and trade unionists making up the board will be asked to approve management proposals that will involve sacrifices at all levels in a final attempt to solve the problems that have dogged the once proud company for most of the past decade.

But one powerful interest will not be represented at the meeting. Largely at the insistence of the banks, and despite pleas from the unions, the state will not be taking part in the rescue.

This attempt to demonstrate that capitalism can cure its own ills will be costly both in money terms and in the loss of the trust of the public. The situation at AEG-Telefunken has become so serious that it is believed that only a substantial cash injection and radical surgery hold out any hope of recovery.

A quick glance at the company's figures for the past 10 years gives a good idea of what has gone wrong. The group last paid a dividend for 1973. Net losses since that year add up to DM638m, despite extraordinary gains from the steady sale of assets and a capital increase pushed through by the company's bankers in 1976 as part of an earlier rescue plan.

The past 10 years have seen a progressive weakening of the group's financial structure as a result of these losses. Shareholders equity at the end of last year stood at DM1,245m, down from DM1,400m at the end of 1969, while world sales in the decade had risen to DM14,100m from DM6,940m.

Liabilities have risen to DM5,720m from DM2,115m with bank loans increasing to DM3,385m from DM1,243m. Not surprisingly, AEG-Telefunken has paid no interest of DM2,289m to its creditors over the last 10 years.

The group's bankers and small shareholders are due to pay their tribute through a complex reconstruction of the group's capital that will be submitted for approval next Monday.

It is envisaged that shareholders will be asked to approve a reduction to a third in the nominal value of their holdings and be invited to participate in a doubling of the new reduced capital at a price of 300 per cent. The reduction in the company's nominal share capital from DM380m to DM130m will help cover losses anticipated for this year. The move will mainly hit the 180,000 small shareholders who have remained remarkably loyal to the group through the vicissitudes of the past decade.

The banks, which have grown in importance as shareholders over the past few years, will

Industrialists, bankers and trade unionists meet next week to discuss a rescue plan involving sacrifices at all levels of AEG-Telefunken, the once proud electrical company that has been dogged with problems for a decade. Peter Norman reports

also be hit by the capital cut but their main contribution to the rescue will be to subscribe to the new shares so producing a cash injection of DM193m.

This operation will leave scars in the bank's balance sheets as the new shares can hardly be valued at their subscription price of DM150 so long as the market values existing AEG shares at around DM37 as at present.

Carrying the biggest burden will be the Dresdner Bank, AEG-Telefunken's house bank, which is expected to subscribe to about 21 per cent of the new shares. Dr Hans Friedrich, its chief executive, the former Bonn Economics Minister, is due to take over the supervisory board chairmanship of the group to see the rescue through.

The unions in their turn will be asked to approve large-scale dismissals affecting probably 13,000 workers next year. The dismissals will presumably be additional to natural wastage that had reduced the company's West German workforce to 128,600 by the middle of this year from around 132,000 at the end of 1978.

It is argued that with capital reconstruction and dismissals agreed the management will be

in a position to carry through a programme of rationalization and restructuring. But the history of the group's decline offers little encouragement. AEG-Telefunken seems to have developed a "reverse Midas touch" over the past decade whereby almost everything it has touched has turned to loss.

The biggest drain on its finances was the nuclear sector where design and operating problems with its boiling water reactors led to a loss of DM1,700m. Its excursion into large main frame computer making ended in failure. Even in traditional sectors such as electric light bulbs making the company incurred losses.

Accordingly it sold its holding in Osram, the light bulb company, to its larger rival Siemens, which now enjoys a handsome profit from the firm.

AEG-Telefunken invented the Pal colour television system, but has been unable to prevent the brown goods sector becoming another headache for the company's management. Similarly, its white goods which are so ubiquitous in German kitchens contribute little in way of profit to the company.

Admittedly, the group has experienced bad luck, starting with the loss of a greater part of its assets through the division of Germany after the last war and culminating in 1977 in the terrorist murder of Jürgen Ponto, who as supervisory board chairman had just begun the task of trying to turn the company round.

But over the years the management appears to have compounded the impact of bad luck by misjudging world economic developments. AEG-Telefunken's prosperity in the 1950s and 1960s was based very largely on the boom in the domestic economy. Export business was neglected and apparently no thought was given to the possibility of the Deutsche mark one day ceasing to be a cheap currency.

Thus at the end of the 1960s AEG-Telefunken was still investing in down market radio and record player factories which were soon to be exterminated through Far Eastern competition.

For more than two decades after the war AEG-Telefunken sought to expand at almost any price. Its capital resources became dangerously stretched.

A company might survive bad luck and even bad management errors, but these two factors have combined with inadequate capitalization to bring one of the most important of German firms to the brink of collapse.

## A bitter-sweet argument

Sugar will be the rallying point for the next battle about farm policy in the European Economic Community.

The EEC has a large surplus of sugar which it cannot afford to maintain. But Britain is refusing to accept responsibility for the surplus because it is by far the largest importer in Europe. It insists on trying to increase self-sufficiency and on buying supplies from outside Europe, which are often cheaper.

The sugar industry is not taking a unified stand on the issue. The two sides are the beet lobby, represented by the British Sugar Corporation and the National Farmers' Union, and the cane lobby, represented by Tate & Lyle and the Commonwealth Sugar Exporters' Association.

Beet has the whole hearted support of the British Government while cane is backing the efforts of the European Commission to cut sugar quotas to EEC growers and to make the biggest cuts in Britain.

Beet is grown in parts of East and North-west England where the British Sugar Corporation has monopoly powers of purchase for processing in 17 factories.

British yields in the past three years have been lower than elsewhere in the Community. The corporation, despite spending £150m on factory improvements and

SUGAR SUPPLIES IN BRITAIN	% share
England	46
Wales	19
Scotland	6
Guiana	6
Jamaica	5
Swaziland	5
Denmark	5
Others	10

encouraging farmers to grow more beet, has not yet fulfilled this country's EEC quota.

The most severe European critics of the British beet industry say that this country has no business to grow any beet. As a member of the EEC it should be content to buy from other Community countries, especially as it contains most of the refining capacity needed for the cane which the Community is obliged by treaty to import.

The corporation and the Ministry of Agriculture, Fisheries and Food agreed some years ago to base their case on the allegedly low cost of producing sugar here. Factories are said to be capable of more efficient use in Britain and overheads like farm workers' wages are lower than in most other Community countries.

That case has survived the change of Government and is supported strongly by officials at the ministry, including Mr Brian Hayes, the Permanent Secretary. Mr Peter Walker, the Agriculture Minister, said that the Commission's plan would cut the maximum British quota by 30 per cent and those in countries with sugar surpluses by 5 per cent. "If

they do table proposals on these lines I shall reject them", he said.

The corporation claims that if EEC farm ministers accepted the plans in the next few months eight English sugar factories would have to close with the loss of 2,500 jobs. Mr John Backett, chief executive, said: "It is manifestly unfair to make Britain the scapegoat for Europe's sugar problem. The United Kingdom has sugar industry seeks to produce only half of Britain's needs. It produces no sugar surplus and does not add a penny to the cost of the common agricultural policy."

The cane refiners do not, of course, see it quite that way. Tate & Lyle, which has closed three of Britain's six cane refineries in the past three years, says that any further contraction of cane supplies would put 1,400 jobs at its Liverpool refinery at risk.

"Subsidies on exporting the EEC surplus cost the Community's taxpayers about £300m a year," the company says. "The United Kingdom taxpayers' share of this burden is approaching 20 per cent."

Tate & Lyle has given a general welcome to the plans by the EEC Commission to cut sugar production in the Community.

Since the company refines almost half of the sugar consumed in Britain and more than a tenth of total Community consumption, its stance will seriously weaken the case which Mr Walker will present in Brussels on behalf of British farmers and beet processors.

Hugh Clayton

## Business Diary: Back pedalling? • Return to sender

obby representatives told by British Rail yesterday whether Southern is to lift its threat of bicycles on its new trains which come into service on January 6, on the free travel concession for bicycles was originated by Southern in aid of the introduction of new tube-like sliding ladders. But strong pressure on the growing band of commuters led to the introduction of British Rail. Sir Peter Parker and was lifted four days after a review of BR.

Sir Peter who gave his blessing to the free use, commencing it as a working more travellers on railways when it was first introduced two years ago, last six months represented the 35,000-strong Touring Club, the of the Earth, and the British Cycling Union have been jointly pressing for bicycles on the trains as well as better facilities for cycles along the high speed trains.

BR conceded free use of bicycles on its new trains. Now we see this concession being withdrawn, says OTC secretary Leslie War. Gullford-based War is negotiating on behalf of first with the railways and now BR, at its 101 years of life.

I am indebted to Michael Corby for the following example of old world courtesy. Corby, director of the Mail Users' Association and author of *The Postal Business 1969-70*, sent a free copy of the book (price £11.50) to Denis Roberts, managing director of Posts.

Almost by return he received a letter from one J. M. Bintliff, personal assistant to Roberts, saying that the managing director Posts had asked him to return the book. "Mr Roberts considers the gift to be a perk he would rather forgo."

It would, of course, be absurd to suggest that this has anything to do with the Mail Users' Association's recent broadside at the Post Office when it said that its postal agreement meant business about it would be prepared to waive pay increase and forgo perks.

Refreshing honesty from David Livingstone, managing director of chemicals company Albright & Wilson, who like his elusive namesake spends a lot of time out of the country.

In this month's *Albright World* he answers staff criticisms of communications difficulties within the group. "I can't say I have been doing my bit until my secretary, Maggie, said recently: 'Do you realize you have paid more visits this year to Toronto (where the company has an office) than you have to the second floor?'"

Development Council will be one member light. Sir Leslie was also one of the independent ex-officio members of the NEBC. His appointment within the gift of Chancellor Sir Geoffrey Howe. But since he has left the NEBC his seat on the NEBC falls vacant and it is by no means certain that his successor at the NEBC, Sir Arthur Knight, will fill the gap.

Food manufacturers said yesterday that they and the National Farmers' Union had buried the hammer over years of bitter argument about prices. But the result of the meeting was soon dispelled when Derick Hornby, who is retiring as president of the Food Manufacturers' Federation, was asked about the latest claim by the NFU for price rises through a record devaluation of the green pound.

"I don't think that the farmers need it," he said. "They have done very nicely, thank you."

Hornby's successor will be James Clementson, the son of a chairman of Rediffusion, who after more than 25 years with the company is now also its chairman. Relations between processors and farmers promise to be as bitter as ever.

The resignations last week of the entire National Enterprise Board led by its chairman Sir Leslie Murphy has created a gap which has yet to be filled. Although the Government was quick to produce a new team for the NEB, one of the consequences of the resignations is that next week's meeting of the National Economic

Robert Butler's success in coaxing lame ducks to waddle makes him an interesting candidate to take over the Marathon yard at Clydebank. The yard formerly belonged to the Upper Clyde Shipbuilders and before that was John Brown's, birthplace of the QE2 and a noble line of famous ships.

Marathon, the American company, converted the site for oil rig construction but is now pulling out, leaving 1,000 jobs at risk.

Butler is a large, direct Londoner of 38 and started work as a journeyman in a shipyard. A radical shipbuilder, he is bidding to take over the yard in competition with Union Industrielle d'Entreprise of Cherbourg.

He believes

## FINANCIAL NEWS

## Goldfields group aids B Elliott's 23 pc rise

By Our Financial Staff

A major uplift in profits from B. Elliott's South African subsidiary Goldfields Industrial Group helped keep the machine tool group ahead at the half-year stage.

For the six months to September 30, 1979, taxable profits increased by 23 per cent to £4.6m against £3.74m in the same period last year. This performance was achieved on turnover which was only up 12 per cent to £48.85m against £43.56m.

The ravages of the last summer's engineers' dispute is reflected in the lower group turnover figures and chairman Mr Mark Russell estimates that the impact of the industrial action has been borne by the first half.

Mr Russell says that the direct effects of the strike, while difficult to estimate, will probably cost the group between £750,000 and £1m in pre-tax profits over the year. The board calculates that about 75 per cent of the cost has already come through in the first half results. This means profits in the current period could be around £250,000 lighter than previous forecasts.

In his accompanying statement Mr Russell points out that the indirect effects of the summer dispute are more difficult to assess as the damage to profitability and cash flow to United Kingdom engineering companies may cause some of them to reconsider their capital investment programmes. If this happens then Elliott could be hit by a downturn in home demand for machine tools.

Overall results from Elliott's United Kingdom division are more or less in line with the same period last year. The group's results have received a major shot in the arm from its South African subsidiary.

Goldfields Industrial shipped in a useful pre-tax profit of around £900,000 compared with only £411,000 last time and £1.8m on the full year. Major contributions were also achieved by the group's North American operations.

The board reports that the second half has started well with a £44m order book and so far there are no indications of a tail off in orders either at home or overseas. Providing there are no major disruptions during the winter the board are predicting good results for the full year.

## Brickhouse Dudley slips

By Our Financial Staff

Britain's nine-week engineers' dispute trimmed back profits for the West-Midlands based drainage products manufacturer Brickhouse Dudley. In the event taxable profits for the six months to September 30, 1979, fell by only £120,000 to £1,050,000 which the board says was in line with its expectations.

Sales during the half-year actually increased by 13 per cent from £12,210,000 to £13,800,000 including exports. The main bulk of Brickhouse Dudley's sales are in the

United Kingdom although its exports fell to £2,450,000 during the period under review, compared with £2,650,000 last time. The group managed to increase its penetration of the home market by nearly 19 per cent at £11,340,000, compared with £9,530,000 during the same period last year.

Chairman Mr Richard Graves, commenting on the group's interim results, says Brickhouse Dudley would have increased profits and turnover during the half year had it not been for industrial difficulties. He points out that the group's strong merchandising division

showed through at a time when manufacturing profits were hard hit by the engineers' dispute.

Mr Graves is cautious about the group's performance in the second half of the year. Advanced capital expenditure programmes together with healthy order books would normally provide for an optimistic forecast covering the past six months, he says. But the current economic outlook and cuts in public expenditure make it imprudent for him to say more than he is hopeful for an improved performance in the second half.

## Better margins aid recovery by Avon in second half

By Our Financial Staff

Higher sales and increased margins managed to pull Wilshire-based tyre group Avon Rubber out of its first-half doldrums.

Second half profits of £2,122m took the year-end total to £2,553m for the 12 months to September 28, 1979, compared with £4,411m in the previous year.

Contributing to the 42 per cent slump in Avon's pre-tax profits was the appalling first six months of the year when the tyre and industrial group managed only £431,000 against £2,371m in the comparative period last time. The group was particularly hard hit by last winter's hauliers' strike, a general downturn in United Kingdom vehicle production and the problems in the Middle East.

These problems dramatically affected the group's main product line, Avon tyres, where the division crashed into losses of around £400,000 during the first half. Achievement in the final six months was greatly improved with tyres chipping in close to £700,000 of profits.

At the interim results stage the board forecast improved performance by all divisions of the group and the final £2,122m



Lord Farnham chairman of Avon Rubber.

pre-tax profits are more or less in line with these predictions.

But the company admits its half-year predictions took a set back following government monetary policy which increased VAT and pushed up the cost of many raw materials. The situation was further exacerbated by the engineers' dispute during August and September which hit production.

Avon estimates that engineering dispute cost the company around £250,000 pre-tax earnings, and changes government monetary policy probably knocked a further £500,000 off the year-end result.

Throughout the 12-month period the company says there were only four weeks unchanged and underproduction in the tyre sector. Disputes and problems with most of the major United Kingdom car manufacturers meant that April was the only month of straightforward production.

The board are guard optimistic and looking for year profits for the full year roughly in line with last year's £4.1m.

Group managing director Peter Fisher says current order books are looking good, the strength of sterling and present Middle East situation cloud the picture.

Mr Fisher is also concerned about the continuing pressure on margins and the board now looking very hard at ways of reducing overheads. Reductions may have to be made to the group's overall workforce, Mr Fisher, as it survives to make it a leaner, more profitable enterprise.

## ITV dispute will hit Geers Gross

By Alison Mitchell

An increase in new business over the past 15 months is showing through to the pre-tax profits of advertising agents, Geers Gross. In the six months to June 30, 1979, the profit reached £221,000, against a former £133,000, on turnover up from £12.5m to £15m.

And chairman Robert Gross is confident that the improvement will continue through to the year-end.

However, some of the sparkle will be taken out by the loss of revenue from the ITV strike.

At present, it is impossible to quantify this downturn as some of the lost earnings may still come through, but Mr Gross described the cost of the strike as "quite substantial".

The United States subsidiary, Madison Avenue's Richard K. Manoff, is also improving its contribution and Geers has now renegotiated its terms with the company to increase the amount of profit which can be attributed to the United Kingdom group.

The £2.9m back-to-back loan

used to finance the purchase has been eliminated and this will help Geers in the future.

Second-half profits are likely to show another surge forward, particularly when compared to last year, where increased costs trimmed margins.

Several new clients have been taken on, including Thorn's retail chain, Rumbelows. Access credit card and Odgers, St Bruno, and these ought to keep earnings moving ahead. The interim dividend has been maintained at 2.14p.

# 'Gold Fields has a good record, a strong market position, management in depth and a basis for further growth'

Extracts from the Chairman's Review 1979:

Earnings rose to a new record level — gold price major factor. Profit before interest and tax increased by 30%, earnings per share by 52%, dividends by 47% to 13.5 pence per share. On behalf of Shareholders and the Board, I congratulate Rudolph Agnew and his team on what they have achieved during his first year as Chief Executive.

A major factor in this increase in profits was the higher gold price. The gold mines administered by Gold Fields of South Africa achieved considerably better productivity which helped to offset higher wages. The rise in the price of gold was thus closely reflected in the dividends we received. The strength of the gold price augurs well for our earnings in the current year.

## Profits from our other activities increased significantly

Good results were again achieved by Renison in Tasmania and a particular improvement was seen at Mount Goldsworthy in Western Australia. Losses in coal mining and development costs in North America partially offset these achievements. Our commercial activities showed considerable improvement. Higher profits were earned by all divisions of Azcon, particularly from their mini-mill. At Tennants, management changes led to more

business in selected areas and higher profits. These increases were partly offset by poor shipping results. We were able to achieve higher profits from construction materials, despite a rather weak market in Britain. In recent years management has concentrated on improving the return on investment and developing a significant operation in the USA. We are now seeing some of the benefits from these decisions.

## Your Board sees good progress in the management of our business

The Board of Directors has a wide responsibility. Firstly, it must be realistic about the strengths and weaknesses of the business; ensuring that weak areas are corrected, while growth is built where the record is strong. Secondly, the Board must have the right management team, properly motivated and directed, to provide leadership. Finally, the Board possesses a wide range of knowledge and sensitivity about the environment in which the Company operates. It steers the business towards activities that take advantage of social and economic trends, thus balancing the risks inherent in other interests.

Looking back on my first three years as Chairman, I believe we have made good progress on all these fronts.

In mining, construction materials, specialist manufacturing and the commercial field, we have a good record, a strong market position, management in depth and a basis for further growth.

But, even a well run business is exposed to a range of external events. Some of these are facts of nature, such as the hard northern hemisphere winter of early 1979. Others may be more predictable, but nonetheless difficult to live with, such as a US recession, the rise in oil prices and the variability of international exchange rates. The best we can do is to minimise the effects of adversities we cannot avoid.

Our future policy lines are agreed. I believe the key aspect of Gold Fields' strategy is to be realistic about how much we can achieve. Although a major international Group, we are medium-sized in relation to some contemporary natural resource companies. For example, oil exploration, production and marketing are of such a size that we would be unable to compete; nor would we be able to follow up many major mining opportunities at the same time without straining our capabilities. Our background in mining, our knowledge and sympathy with natural resource-based operations and our desire to spread our risks is leading to a new business philosophy for Gold Fields. We will participate in mining, where we can manage the risk acceptably; we will also use our skills in activities not too far removed from natural resources — manufacturing drill rigs, distributing metals — and where the extractive process is part of a more complex business such as construction materials.

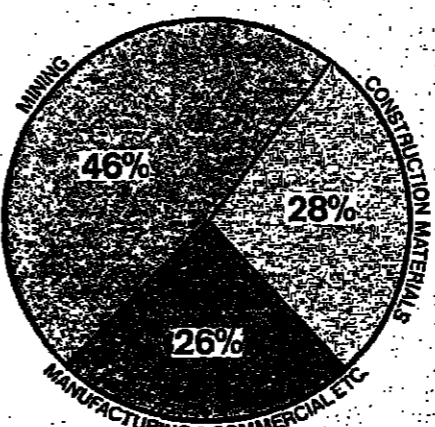
In the next few years we will grow. Not only in many of our existing areas of activity, but by acquisitions into related operations. The aim of this growth is higher earnings per share without undue fluctuations or unmanageable risk. I have confidence in the ability of our management to achieve this objective.

*Errol J. Hall*

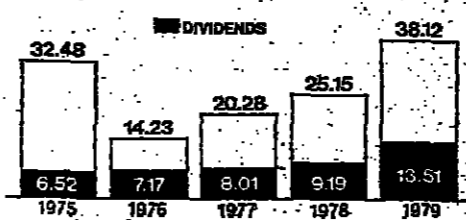
## FINANCIAL HIGHLIGHTS OF A RECORD YEAR

	1979	1978
	\$million	\$million
Profit before interest and taxation	113.8	87.5
Taxation	32.6	29.7
Net profit attributable to the members of Consolidated Gold Fields Limited	56.2	34.5
Per Ordinary Share	38.12p	25.15p
Ordinary Dividend	20.0	13.5
Cost to the Company	13.51p	9.19p
Gross equivalent including related tax credit	19.30p	13.72p
Assets Employed	704	609

## GROUP PROFIT BY ACTIVITY (before interest and tax)



## EARNINGS pence per share



Please send me a copy of your Annual Report.

The Registrar, Consolidated Gold Fields Limited, Lloyds Bank Limited, Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA.

Name \_\_\_\_\_

Address \_\_\_\_\_

T. 29/71.

## Matthew Brown ends year with over £4m

By Our Financial Staff

Increased beer sales have boosted the annual profits of regional brewer Matthew Brown.

In the 12 months to September 29, 1979, pre-tax profits rose from £3,500,000 to £4,100,000 on turnover up £2,800,000 to £22,880,000.

Chairman Mr Cyril Ainscough said yesterday that the volume increase amounted to some 2 per cent over the year, with the rest of the rise coming from price increases.

Drinking in North-West England—where Matthew Brown is based—was buying more pints of lager and bitter but sales of mild beer slipped slightly during the period.

The bad weather last winter caused a hiccup in the group's capital spending programme but has resulted in a higher interest credit through keeping

the cash in the bank. In year the interest received rose from a previous £5,000 to £10,000.

Spending is currently running at around £2m a year financing the building of hotels, refurbishing pub houses and extending brewing plant.

One of the hotels, at Weymouth, has just opened; the other will be ready at end of February. Although these are likely to contribute to profits for the current year, the chairman is cautious about how well the group will "trade in steady rather than sparkling", he said yesterday referring to beer sales.

Looking to the future, Ainscough said that Matthew Brown widening its restaurant facilities rather than expand further into hotels.

A final dividend of 5.46 pence gives a total for the year of 7.25p against a previous 6.5p.

## Grampian TV falls

Grampian Television's profits at the half-way stage were decimated by the effects of the independent television strike, and the group will not get back to last year's profit of £406,000 by the year end.

Pre-tax profits, amounted to £31,000 on a 7 per cent increase in turnover to £2.2m. The group's television operation made a trading loss of £24,000 against £188,000 last year and the profit contribution was made by its property division with £55,000 compared with £37,000 in the half year to August 31, 1979.

A second interim dividend has been maintained at 0.8p gross after a scrip issue.

The Aberdeen-based contractor has yet to bear the brunt of the television strike in the second half and the board stressed that although November and December revenue is buoyant because of Christmas advertising, profits will remain below the £250,000 level at which the Exchequer levy comes into operation.

## Dixon extends offer for Montfort

David Dixon's £2.5m offer for Montfort (Knitting Mills) has been extended on its first closing date. Dixon now holds 11.3 per cent while privately-owned Palma Textile Group has an 11.95 per cent stake in Montfort purchased through the market in the last two weeks.

Mr Peter Bailey of Palma has declared his intention of rejecting Dixon's cash and share offer which currently stands at 8p a share.

Following the more-than-doubled results in 1978-79, the Braxway Iron and Steel group slipped slightly in the half-year to October 31. With

turnover up from £5.46m to £7.11m, pre-tax trading profit rose from £1,600 to £2,040. However, there is no tax charge this time, compared with £55,000 last year. Doubling the interim payment to 2.85p, the board says it is "cautiously optimistic" for the last months.

## Payment slashed by 'W' Ribbons

Having passed the interim dividend, Surrey-based 'W' Ribbons Holdings is now paying a final of just 1.42p gross, the year to June 30, compared with the previous year's total. The board explains the dividend is being reduced in the light of continuing difficulties in Germany and the generally uncertain economic situation.

Although turnover in 1978 expanded from £14.78m to £18.02m, profits fell from £293,000 to £163,000, a heavier interest. The United Kingdom companies, an excellent order books and, despite the general economic climate, trade is remarkably buoyant.

Shaw & Marvin slips. Shaw and Marvin knitwear group rose from £884,000 to £935,000 in the half-year to September 30, the group from a pre-tax profit of £50,000 to £45,000. There was a tax charge. Once again, interim dividend is being paid shareholders received a 5p payment of 0.5p gross for 1979.

The board reports that it have been taken to remedy the situation and all seven companies have traded profits since September.

## Business appointments

## New chairman for BNP

Sir John Hunt has accepted an invitation from Banque Nationale de Paris to succeed Sir Patrick Raby as chairman of the bank's London subsidiary, BNP.

Mr J. M. P. Moore becomes a director of Richmond-Whitcomb from December 1, 1979, and Mr G. I. Badney and Mr A. S. McLennan have been appointed associate directors.

Mr Bill Hitting, investment manager for Barclays Bank Trust, has been named a director of Barclays Unifund.

Mr David Jones has been named senior international associate for France and Belgium in National Westminster Bank's International Banking Division, based in the City of London.

Mr Christopher Carter Jones and Mr F. Dennis Newton will be joint senior partners of Carter Jones with effect from January 1, 1980, on the retirement of Mr R. O. J. Carter Jones.

Mr Ralph Hey, chairman of Alton and a director of Lead Industries Group, has joined the board of Florida Group. Dr D. S. Sandler has resigned his directorship of Florida. Mr Maurice Dunne has taken over Mr N. G. Gray's duties as technical director of Florida Group.

Mr R. E. Freeman has been appointed managing director of Riley, the IMI subsidiary. Mr C. G. H. Foster takes over as managing director of IMI Kynoch Services. He will make the post

of managing director Winton Co-ordination and chairman of other IMI subsidiaries in Birmingham, J. F. Rastell (Chairman), John Wilkinson and S. Saiter.

Mr Anthony Newsome will be joining Earing Brothers on March 1, 1980 and will be succeeded April to Hongkong as a director. Henderson Baring Management.

Mr Harold J. Meyerson, president of Bankers Trust, has been named as head of the bank's Middle East and Africa group, the company's world-wide expansion programme. He will be based in London.

Mr R. W. Devereux has been appointed director of reclamation for Alcoa in Europe.

Mr Renato Castaldi is a managing director for Enam getti.

Mr Laurie Martin, company's relay of Alcon, has been named a director of Ansat Reunited.

Mr W. G. G. Stevenson has been made managing director of Hall Commercial.

Mr E. W. Freedy has been named managing director of Lonsdale Universal's plastics and glass.

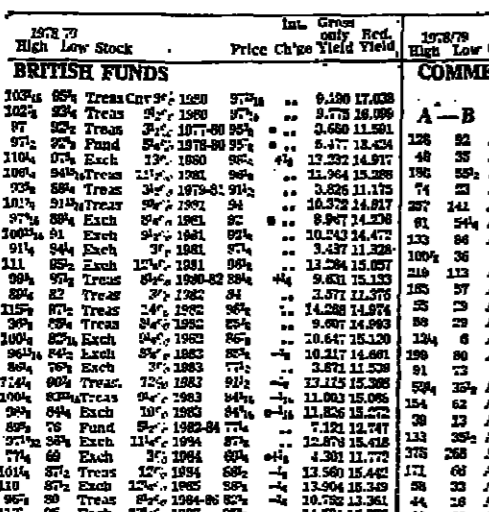
Mr D. N. Taiterall has been named group financial director of Total.

Mr I. F. G. Faby is joining a board of the holding company. Mr J. Gleeson (Contractors) is local director. Mr Faby is managing director of Gleeson (Shelford).

Consolidated Gold Fields Limited



## Really Dry Gin



**ACCOUNT DAYS:** Dealings Began, Nov 19. Dealings End, Dec 7. \$ Contango Day, Dec 10. Settlement Day, Dec 12.

§ Forward bargains are permitted on two previous days.

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